

PAPER MONEY

VOL. LI, No. 2, WHOLE No. 278

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MARCH/APRIL 2012

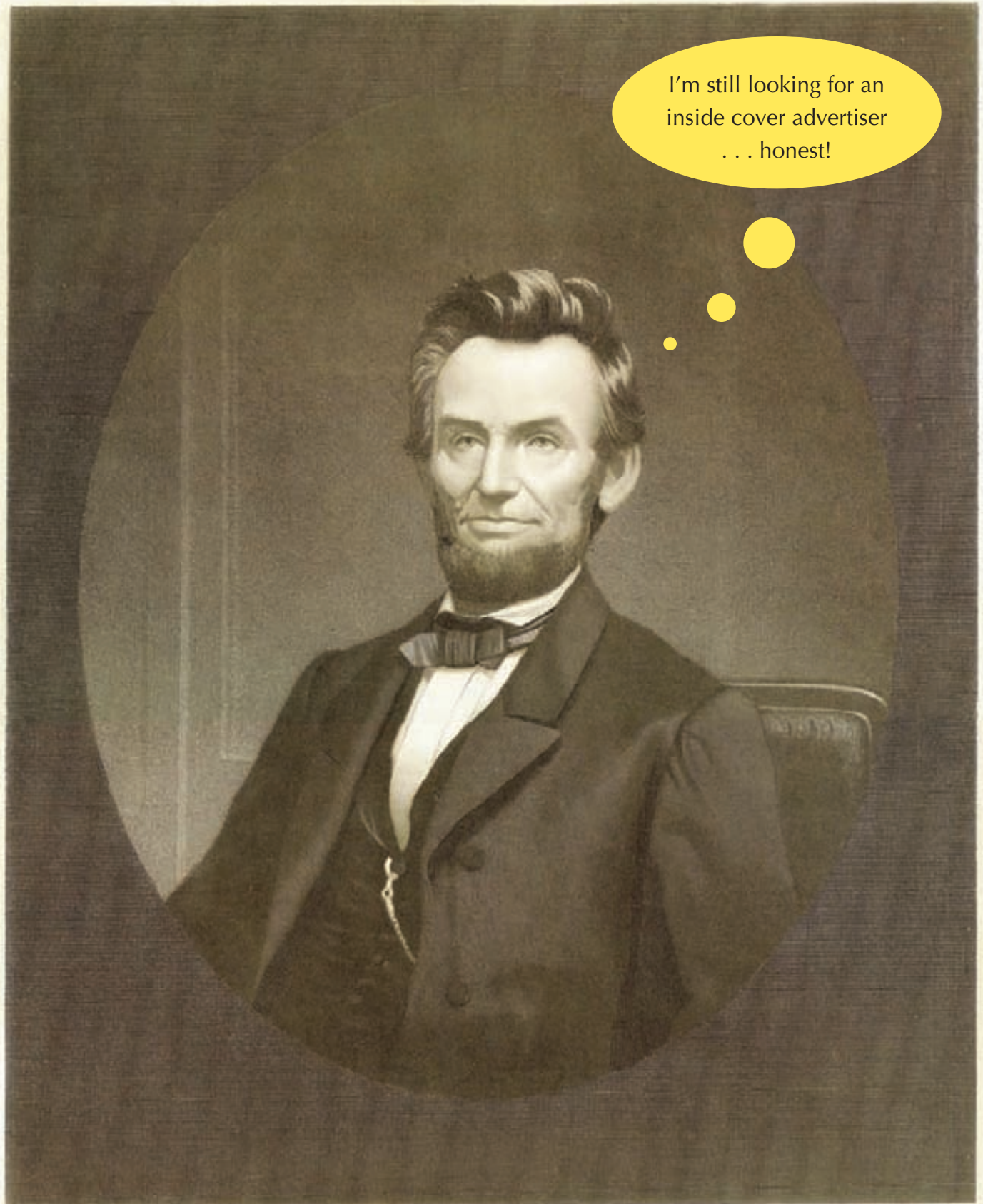
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ABRAHAM LINCOLN.

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Paper Money

Official Bimonthly Publication of
The Society of Paper Money Collectors, Inc.

Vol. LI, No. 2

Whole No. 278

March/April 2012

ISSN 0031-1162

FRED L. REED III, Editor, P.O. Box 118162, Carrollton, TX 75011

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The Society of Paper Money Collectors was organized in 1961 and incorporated in 1964 as a non-profit organization under the laws of the District of Columbia. It is affiliated with the ANA. The annual SPMC meeting is held in June at the Memphis International Paper Money Show. Up-to-date information about the SPMC, including its bylaws and activities can be found on its web site www.spmc.org. SPMC does not endorse any company, dealer, or auction house.

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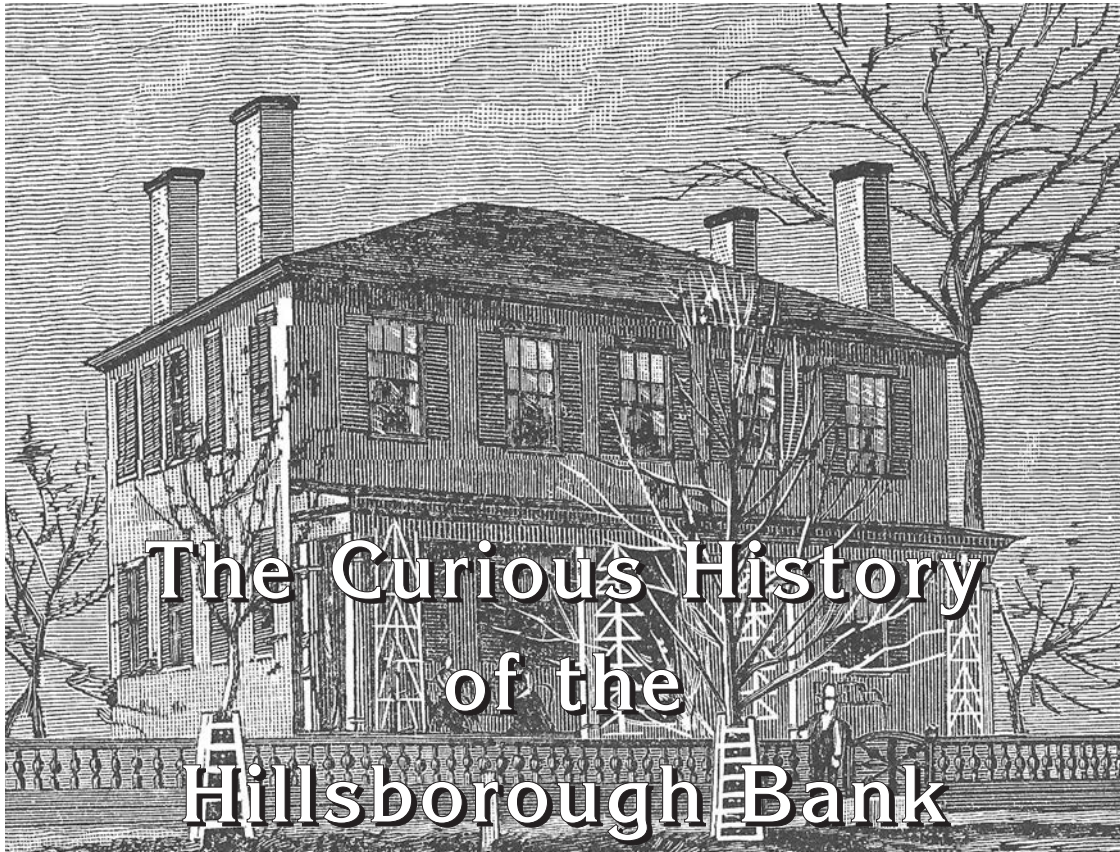
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of Amherst, New Hampshire

By Q. David Bowers

A Bit of Background

THIS IS THE CONDENSED STORY OF THE Hillsborough Bank which did business in Amherst beginning in 1806, in a specially constructed building on the town square, where it still stands today. Soon after its opening the bank gained wide publicity in the state in particular, but also nationally, for reasons that were unfortunate to most of the people involved. The president of the bank was Samuel Bell, who later went on to be elected governor of New Hampshire. A vastly expanded version can be found on the New Hampshire Currency Project website conducted by Dave Sundman and the writer. This is a pro bono publico project, so to speak, to share with others the basic facts as well as the minutiae that we have both discovered over the years.

Above: The building erected to serve as the headquarters of the Hillsborough Bank, Amherst, was built to order from locally made brick baked of clay from the farm of Eli Brown, a stockholder and one-time director, who was one of the "characters" in the drama that would play out between Brown and Samuel Bell. With two floors of space and four chimneys, the banking house was one of the more imposing structures in the village. Years later, beginning in 1825, the structure served as the office for the Farmers' Bank. Today, it is still used as a residence and is appreciated as one of the town's cultural assets. (Daniel F. Secomb, *History of the Town of Amherst*)



Above: The Hillsborough Bank building as it appeared in 2009. The large banking room was located on the first floor to the right. Cashier David Holmes and his family lived there—a common practice for cashiers in the early days before alarm and security systems.

In southern New Hampshire in the early 19th century, Amherst was a center for commerce, legal practice, and other endeavors. Located on the Souhegan River, Amherst was the shire town for Hillsborough County for many years, meaning it was a regional location for a court house and certain administration facilities. As such, it was a focal point for attorneys and citizens involved in the court, and at the same time a supporting structure for merchants, services, social groups, and other entities that arose. Situated about 42 miles north of Boston, it was easily accessible from the main financial center of New England. As reflected in early literature, Amherst was a fine place to live—combining a foundation of commerce with the amenities of life.

By 1805, when the present banking scenario commences, Amherst was one of the most thriving towns in the state and ranked among the top 10 in terms of population and taxable property. Clearly, with its assets as a center for the courts, with commerce enhanced by the Second New Hampshire Turnpike, and with its educated and enthusiastic citizenry, the town was poised to grow much larger. However, this did not happen. Two of the most powerful local figures were attorneys Charles H. Atherton and Samuel Bell. It could even be said that they were the “law” in the town, with few people challenging their actions.

Right: Doorway leading to the granite vault as it appears today.





Far Left: The iron door leading to the inner vault.



Left: An inner corner of granite blocks within the vault.

Federal census statistics relevant to the banking era include these: In 1800, Amherst had 2,150 residents; 1810, 1,554; 1820, 1,622; 1830, 1,657; 1840, 1,565; and 1850, 1,613. The drop after 1800 may be explained in part by the westward migration of farmers and related agricultural interests to Ohio and related territories, where easily cultivatable fertile lowland soil was available inexpensively. After 1810 the population remained remarkably stable for a long time. Families tended to be large, averaging $6\frac{1}{2}$ people in Amherst in the 1810 survey. Census figures reveal that during this span there was about an equal distribution of males and females in town, with 760 and 784 respectively in 1810, for example. Local and regional news was published in *The Farmer's Cabinet*, a newspaper that in the early 19th century was one of the most important in the entire state. On February 3, 1811, Horace Greeley was born in Amherst. Later, he achieved great fame as publisher of the *New York Herald Tribune*, an observer of the American scene, and even as a candidate for president of the United States.

In the chronicle of state banking, often when a town suffered the failure of such an enterprise, it was not until years later that there was sufficient sentiment to try again. Thus, after the Hillsborough bank folded in 1808, the pages on the calendar were turned over until 1823, when the Farmers' Bank of Amherst was chartered. It conducted business for the next two decades, and then voluntarily closed down, distributing its assets to stockholders. The banking spirit seems to have been lost, for Amherst never had its own National Bank.

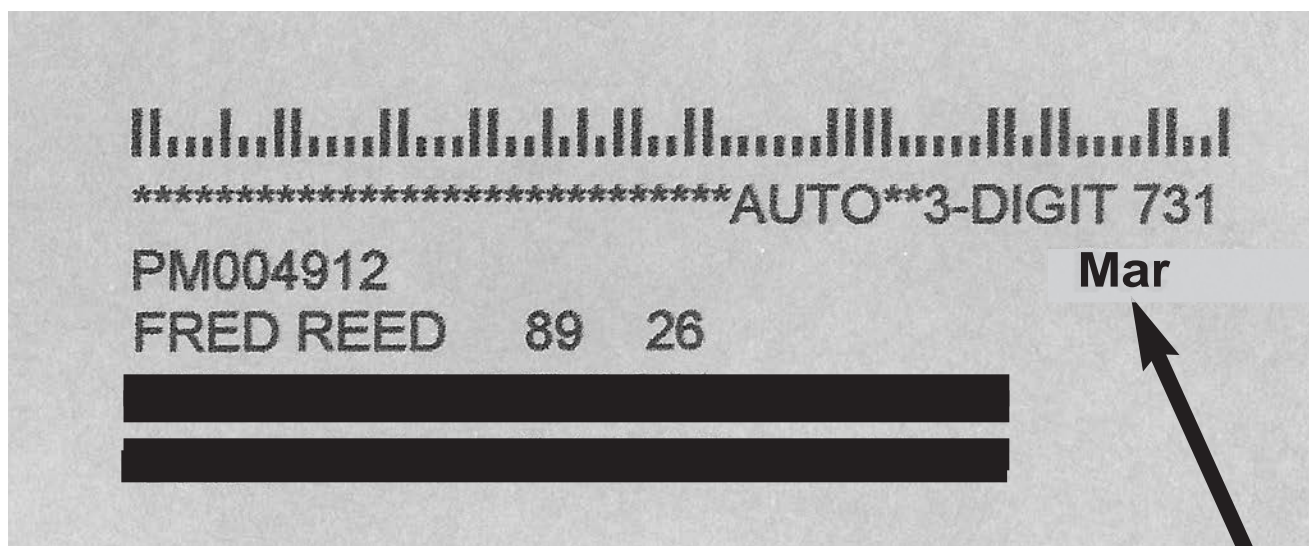
Below: Monument to native son Horace Greeley in Amherst, Massachusetts.



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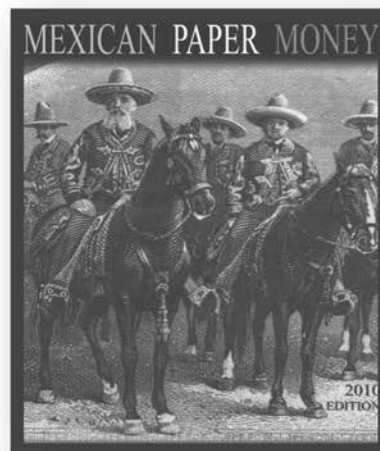
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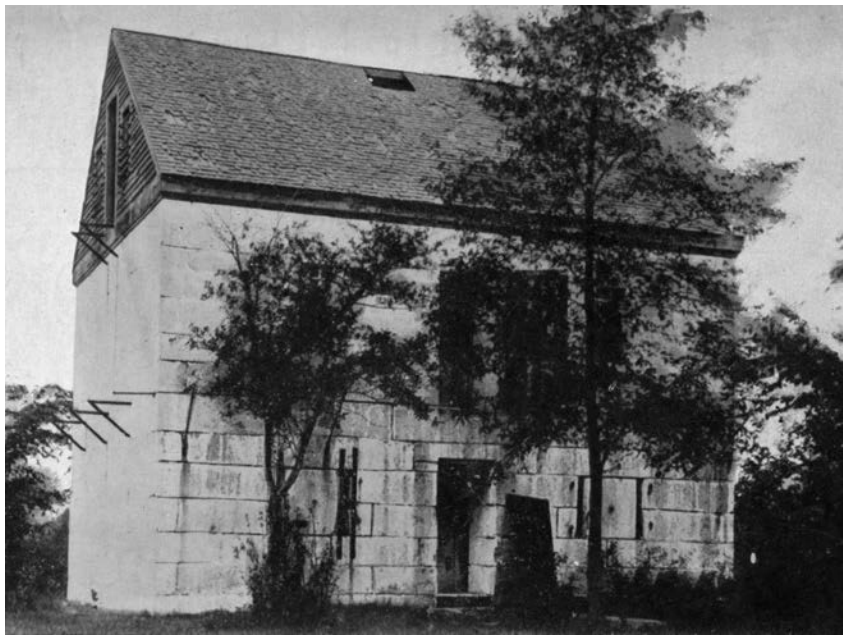
Chartering the Hillsborough Bank

A proposal for the Hillsborough Bank in Amherst, prepared and presented by local attorney Charles H. Atherton, was discussed at the November 1805 term of the State Legislature (which actually convened on December 7), but no action resulted. Joining Atherton as petitioners were Col. Robert Means, Ebenezer Champney, James Ray, Daniel Prior, and Robert Fletcher. These entrepreneurs represented a cross-section of local professions and trades, ranging from Atherton to James Ray, proprietor of the leading local tavern and stagecoach stop. Daniel Prior, postmaster of Amherst, ran a small business for the manufacturing of twine. On December 19, 1805, the petition was presented again, and about a week later it was approved by the House, only to be stymied when the Senate was stalemated with a tie vote. Formation of the bank would have to wait for the next semi-annual legislative conclave.

On June 18, 1806, the State Legislature took positive action on this and another proposal and chartered two more banks—the first since 1803, when four had been launched in the state. In Amherst the Hillsborough Bank was chartered, and in Concord the Concord Bank was authorized. Each had a permitted capital of no less than \$50,000 and no more than \$200,000, divided into 1,000 shares, payable only in specie. The specie requirement, standard for early banks, was intended to insure that “hard money” in the form of legal tender gold and silver coins would be paid in, thus giving stability from the outset. Although specie would become scarce in circulation a few years later, in 1805-1806 it could be obtained easily enough.

The Hillsborough Bank was incorporated by Robert Means, James Ray, William Fisk, Daniel Prior, Charles H. Atherton, Eli Brown, Samuel Foster, William Bradford, Daniel Warner, and Joseph Langdell, a roster differing slightly from that of the petitioners. Records would reveal that the Hillsborough Bank stock was mostly paid for with paper IOU notes of little value. Only \$1,300 in cash was ever paid in! But, this is getting ahead of the story.

The board of directors was to consist of seven people, each to be a citizen of the state of New Hampshire, elected for a one-year term, but business could be conducted by as few as four. As was true of other charters, the State reserved the right to examine the bank's books and accounts of its affairs. The Amherst newspaper, *The Farmer's Cabinet*, was designated as the journal of record for announcements concerning meetings and other affairs of the bank. An amendment to the original bill specified that the original stockholders and their successors in interest, and the members of the corporation, were to be jointly and severally liable for the payment of bills on the bank, but could have the right of recovery from other stockholders in proportion to the stock owned. This provision of the law was completely ignored, as well be seen,



Above: The Amherst gaol (jail) as it appeared in the early 20th century. In 1812 Eli Brown, an incorporator of the Hillsborough Bank, was unjustly confined there.



Below: The Hillsborough Bank as shown in a detail on a postcard published by Frank Swallow, Exeter, New Hampshire, circa 1915.

On July 29, 1806, *The Farmer's Cabinet* printed this:

On Tuesday and Wednesday last, the members of the Hillsborough Bank Corporation met for the purpose of organizing said Corporation. Hon. Samuel Bell, Charles H. Atherton, David Everett, Frederick French, Esquires, and Capt. Daniel Prior, were chosen Directors of said Bank. The directors then named Samuel Bell as president and David Holmes as cashier.

And this on August 26:

NOTICE: Wanted—a carpenter, to undertake to finish the wood work of the Hillsborough Bank House. The materials will be found by the committee appointed to erect it. Any carpenter willing to undertake it will please to call on the committee, or send proposals to either of them. Eli Brown, John Watson, David M^cG. Means.

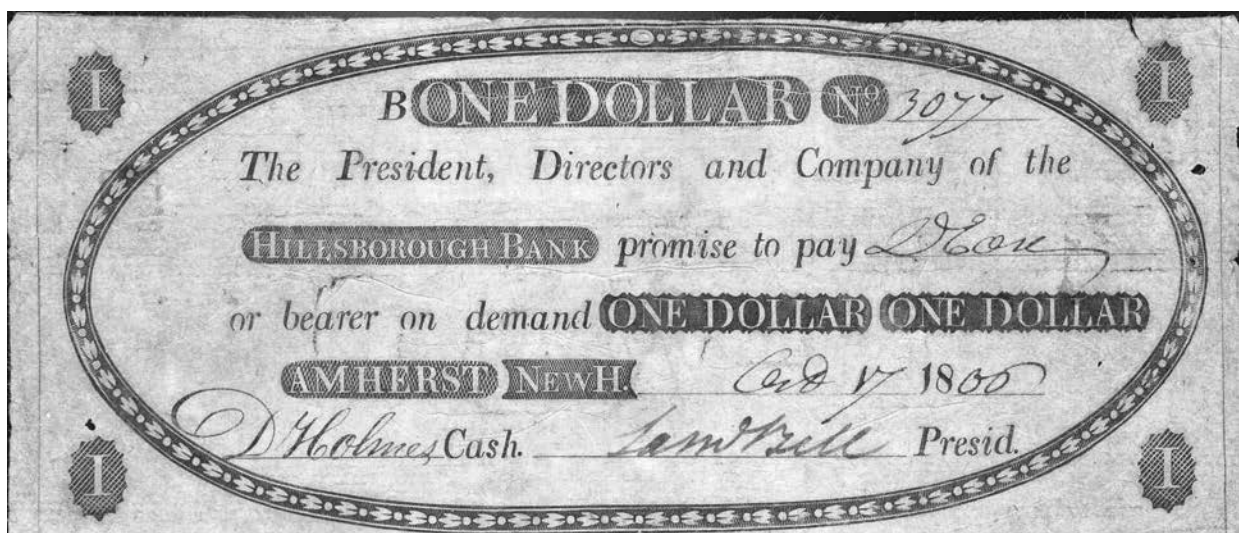
In due course a two-story brick building was erected to serve as the bank's headquarters. The bricks were made locally by men from Lyndeborough, utilizing clay mined on Eli Brown's farm located on the new turnpike. The finished structure was two stories high with four tall chimneys protruding from the roof. Remarkably, the original building that served both the Hillsborough Bank and the Farmers Bank remains today and is an architectural and historical treasure.

Currency Issued

On October 17, 1806, the first paper notes were issued by the Hillsborough Bank of Amherst consisting of \$1, \$2, \$3, \$5, and \$10 values, according to town historian Daniel F. Secomb. As evidenced by extant notes, at least two other denominations were eventually issued in addition to the foregoing, many of the 50-cent value as well as a few \$6 bills, with 75-cent notes reported (but not seen in modern times). These were printed from Perkins' Patent Stereotype Steel Plates, popular in the era, consisting of a standard engraved plate with generic inscriptions relating to "President, Directors and Company," etc., with inset slugs such as ONE DOLLAR, HILLSBOROUGH BANK, ONE DOLLAR, AMHERST, and NEW H. added to indicate the denomination, bank, location, etc. Such early Perkins Patent slug-plate notes, used by dozens of banks (primarily in Massachusetts, New Hampshire, and Maine), had no illustrations or vignettes, but displayed cross-hatching, shading, excellent engraving of the generic part, etc., were publicized as being difficult or impossible to counterfeit. Reality proved otherwise for the bills of some banks (but not for this one). These were printed by Jacob Perkins, who enjoyed an active bank-note business in Newburyport, Massachusetts.

Style designations 1, 2, and 3 have been added by the author.

Below: A \$1 note of Style 1 with a "watermelon" or elliptical border with the denomination in each corner. These were issued into early 1807. Made by Jacob Perkins of Newburyport, Massachusetts, this bill is of the slug-plate type. The same printing plate could be used for another bank by inserting a different slug where HILLSBOROUGH BANK is and another where AMHERST and NEW H. appear. Dated October 17, 1806 (the first day that the bank issued paper money), this is serial number 3077 and is signed in ink by D(avid) Holmes as cashier and Sam'l Bell as president. Plate letter B (to left of ONE DOLLAR; plate letter G seen on another note). Perkins notes typically had a "promise to pay" space, as here, as some banks added the name of the first recipient of the bill. The Hillsborough Bank simply gave a fictitious short name, as did most other Perkins customers.



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A \$2 note of Style 1, serial number 1179 dated November 1, 1806. Plate letter D (letter C also known). Only a few of this denomination survive today. The wear evidenced on this bill indicates it circulated for many years, probably including in places distant from Amherst.



A \$3 note of Style 1, serial number 52 dated October 17, 1806. Plate letter D (letter C also known). Many bills of the \$1, \$2, and \$3 denomination bear this date, the first day the bank issued paper money. Likely the cashier and president had been very busy signing notes beforehand.



A 50-cent note of Perkins Style 2. Bills of this denomination are known with dates of 1807 through 1809. The denomination is expressed in large letters in the center, and the border is an ellipse of a garland of flowers and a lune giving the denomination. Serial number 145 dated March 1, 1809. The 50-cent notes were printed in sheets of four, with each bill having a plate letter of A, B (as here at upper left), C or D.



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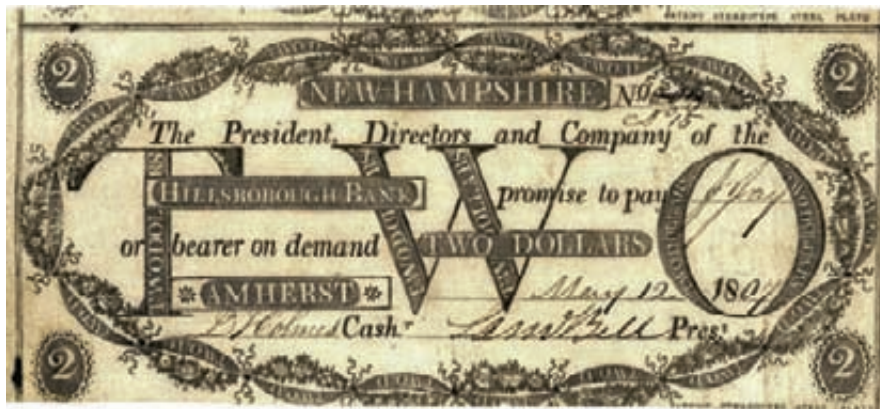
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A \$1 note of Perkins Style 2 usually seen with an 1807 date. The denomination is expressed in large letters and the center, and the border is an ellipse of a garland of flowers and a lune giving the denomination. Serial number 2255 dated December 6, 1807. Plate B (A also known). "PATENT STEREOTYPE STEEL PLATE" is imprinted at the lower right. Likely the Style 2 notes were issued in a sheet arranged \$1 (plate letter A)-\$1 (B)-\$2 (no plate letter)-\$3 (no plate letter).



A \$2 note of the Perkins Style 2. Serial number 203 inked out and replaced with 15, dated May 12, 1807. No plate letter. This bill and others were part of four-subject sheets which cashier Holmes cut apart with scissors. He was not too careful, and part of another note can be seen at the top.



A \$3 note of Style 2. Serial number 1101 dated March 10, 1807. No plate letter. No records were kept of the quantity of bills issued. Serial numbers were started anew on certain dates.



A \$5 note of Style 3 used on higher denominations. Introduced in late 1806, these were issued from 1806 through 1809. This is the most often seen Hillsborough Bank note variety. A different configuration is used in the usual slug-plate format permitting interchangeability. These were printed in sheets of four with letters A, B, C, and D (as here, near center left border). Serial number 1277 dated January 4, 1807.



A \$6 note of Style 3 with the Patent Check Plate back, an unusual combination for bills of this bank (but the Check Plate is often seen on notes of certain other banks). The \$6 denomination is highly unusual, and it is likely that relatively few were issued in comparison to other values. Serial 1191 indicates that at least this many were signed and circulated. Dated August 11, 1809, a very late date. Plate A. Only two have been seen of this denomination, the other being serial 86 dated August 1, 1809. On both notes the name of cashier David Holmes is spelled out in full, a highly unusual departure from the usual D. Holmes.



A \$10 note of Style 3, a scarce denomination. Serial number 186 dated January 10, 1807. Plate letter B at left.



A \$20 note of Style 3 the only example seen. Serial number 1073 dated March 2, 1807. Plate letter C at left.

Redeeming Bills in Amherst

Paper money of the Hillsborough Bank of Amherst was issued in large quantities, without regard to the legislative stipulation that such bills not exceed twice the paid-in capital and deposits and in flagrant disregard that the bank was supposed to have \$50,000 in capital paid in gold and silver coins. Notes accumulated in Boston, where it seems that an entrepreneur or speculator bought or otherwise acquired thousands of dollars' worth, probably at a discount, and then took them to Amherst to be redeemed in specie. According to a letter printed in the *New England Palladium*, March 13, 1807, this man found that such notes could not be redeemed at a rate exceeding \$3,000 per day.

While to the unaware reader of the *Palladium* (not to overlook later historians) this might indicate that the bank was on precarious financial grounds, in actuality most other banks in small towns across America had similar policies, born of necessity, as their money was loaned out, not resting in a safe or vault in the form of silver half dollars, gold half eagles and eagles, and related specie. Very few small-town institutions anywhere could have withstood daily \$3,000 calls for specie for more than a few days. While the publicity was bad, the directors of the bank continued full speed ahead with reckless issuing of paper money.

An Agent in Boston

Large quantities of Hillsborough Bank notes were shipped from Amherst to Boston, where agent David S. Eaton, a director of the Exchange Office in that city, endeavored to parlay them into specie as well as to circulate them for goods and services to those who would not be likely to seek to redeem them in Amherst.

The Exchange Office was controlled by Andrew Dexter, Jr., one of the most criminal of American bankers in the first decade of the 19th century (of whom more will be said).

It was common practice for many banks to sell quantities of notes at a deep discount to travelers to the West, such as to Ohio, who promised to circulate them there. Relatively few were likely to make it back to New Hampshire in this era of travel by horse and stagecoach. Every unredeemed note represented pure profit. This *modus operandi* was, in essence, the means to large profits with little work or risk involved, a system that was little understood except by the bankers themselves and which received very little publicity at the time. Quantities of Amherst bills were taken to the distant Bank of Marietta in Ohio and swapped for Marietta notes to be circulated in New Hampshire. Eaton testified that on occasion he had \$150,000 in bills on hand at one time! Bell, Atherton, and some friends were secretly given loans amounting to tens of thousands of dollars.

Financial Difficulties

The actions of the bank were questioned by many, and reports were circulated in regional papers. Matters came to a head in 1809 when the institution was investigated by the state. The directors refused to hand over the records, and matters were stalemated. By that autumn the bank was essentially out of business, but president Samuel Bell and the directors tried to main a façade of respectability. Finally, Bell stated that the bank's problems had nothing to do with the management, but were the direct result of unfavorable financial conditions following the Embargo Act of 1807. The bank was *totally fraudulent*. By October its bills traded at a 50% discount in the region, although the true condition of the bank had yet to be revealed.

A founder and stockholder of the bank, Eli Brown, requested a meeting with attorney to explain what was going on. An argument ensued, Brown kicked Atherton lightly (causing no bruising or breaking of skin), after which Atherton and Bell had him arrested and tossed into the town jail. After the fact, in June 1810, the State Legislature formed a committee to investigate the Hillsborough Bank. However, the committee members were denied access to the bank's information! It was verified that the bank had not been redeeming its notes, and as a matter of formal procedure it was given nine months to adjust its affairs in a satisfactory manner, or forfeit its charter. Various excuses were given, mainly that Samuel Bell, the center of the investigation, was not available, and the records should only be studied in his presence, so that he could explain them. Moreover, it seems that certain key records were either destroyed or mysteriously disappeared.

Court actions regarding the Hillsborough Bank were largely ineffective. A suit against the stockholders was commenced in 1809 and reached the appellate court in November 1810, but no decision was reached at the time. In April 1811 the defendants were acquitted on the technicality that the action had been incorrectly brought!

In the June 1812 session of the State Legislature an investigative committee found that the directors had used poor judgment and had issued too many notes, in addition to other practices, but that there was no evidence of intentional fraud. Apparently, endeavoring to keep the bank records secretly and issuing hundreds of thousands of dollars' worth of excess notes as a currency speculation were not considered to be fraudulent. The \$1,300 in paid-in capital was the only basis for issuing an estimated \$450,000 to \$600,000 in notes! It seems that Bell and Atherton had the right connections. To many, the situation smelled to high heaven.

Two pamphlets regarding the matter were published in 1811. Eli Brown, in *A True Account of the Defalcation of the Hillsborough Bank*, sought to prove that certain directors acted secretly and improperly. Its proem, i.e. preface or preamble, listed financial scoundrels, to which Bell's name was appended: "Rhode Island has had a Dexter, Massachusetts a Skinner, Bidwell, and Bridge; but New Hampshire carries the Bell!" The comparison with Dexter must have struck a responsive chord



Who says crime doesn't pay? Both Samuel Bell (above left) and Eli Brown parlayed their banking expertise into these fine residences in Amherst, seen in recent photographs.

with many readers, for recently Andrew Dexter, Jr.'s capers with bills of the Farmers Exchange Bank, Gloucester, Rhode Island, had made newspaper headlines all over the East. This particular institution had been incorporated in 1804 with a capital of \$100,000, had certain operations paralleling those of the Hillsborough Bank of Amherst, including establishing a relationship with the Marietta Bank in Ohio and overissuing of notes. In a congressional debate on the fraud, Representative William A. Burwell, of Virginia, alleged that the Farmers Exchange bank had "issued notes to the amount of \$800,000 upon a capital of \$45." Today, although Dexter has been well covered by historians, Samuel Bell has largely escaped attention.

Bell, in *An Answer to the Petition of Eli Brown, Complaining of Misconduct, &c. &c. of the Directors and Agents of the Hillsborough Bank*, reprinted Brown's June 7, 1810 petition, and then stated that, contrary to Brown's view, all business was conducted properly. Moreover, he reiterated the lame excuse that the bank was a victim of economic circumstances, and, fighting fire with fire, stated that Eli Brown was the one who was dishonest and deceitful!

Bell was named as associate justice of the regional court in 1816 and then was elected governor of the state in 1819 and served until 1823. Glowing biographical accounts conveniently neglected to mention his fraudulent over-issue of notes, his prompting the jailing of Brown while evading investigations of himself, etc. Modern readers can come to their own conclusions. It would seem that the idol of Samuel Bell, claimed by many historians to be a distinguished jurist and governor of New Hampshire, had clay feet.



Above: New Hampshire governor and fraudulent banker Samuel Bell

Credits: Narrative by Q. David Bowers assisted by David M. Sundman. Bill Veillette provided access to the bank building during a 2009 visit to Amherst. Notes are from the John Ferreri, Kevin Lafond, W. Swasey, and Q. David Bowers collections. ♦

Series of 1929 National Bank Replacement Notes

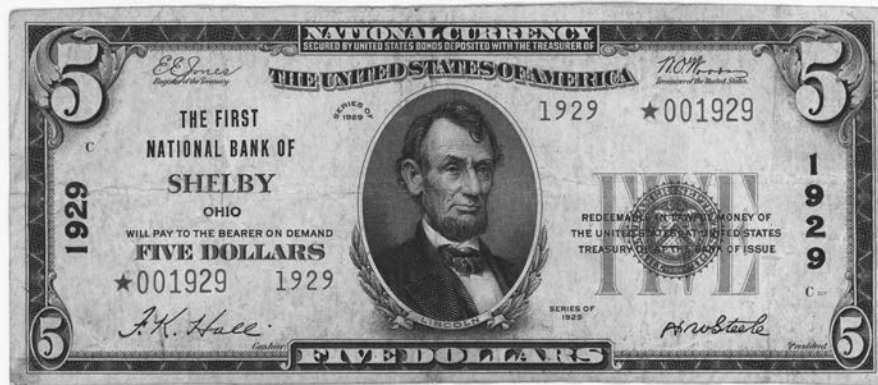


Figure 1. Star notes were not substituted for misprints during the production of Series of 1929 National Bank Notes much as collectors might wish. Obviously this beauty is a Photoshop fabrication.

STAR NOTES WERE NOT USED TO REPLACE DEFECTIVE Series of 1929 National Bank Notes. Instead, unsalvageable misprinted sheets were rejected and make-up replacement sheets were substituted that bore the identical serial numbers as on the defective sheets. Make up replacement sheets were used in both the Type 1 and Type 2 printings.



The Paper Column

By James A. Simek
& Peter Huntoon

There were two principal reasons for not using star notes in the National Bank Note series. First, uninterrupted consecutive runs of serial numbers greatly facilitated bookkeeping for all concerned at the Bureau of Engraving and Printing, the Comptroller of the Currency's office, and the banks. Second, it would have been a logistical nightmare to stock replacement sheets for all the different denominations for all the thousands of banks that were involved.

Make-up Sheets

Series of 1929 notes were overprinted after preprinted 12-subject sheets with uniform backs and generic faces were cut in half. The black overprint, containing the bank title, bank signatures and charter numbers, was overprinted first. The

brown seals and serial numbers were applied next.

A memo dated October 14, 1930, by George Duncan, Superintendent of the Surface Printing Division, explained how the replacement sheets were made. A few sheets containing the bank overprint were held in reserve, as the others were numbered and sealed. Once the others were numbered, the numbering blocks were removed from the sealing and numbering press, and seals only were printed on the four or five sheets held in reserve. These were used as replacements for misprinted sheets discovered in the order. Serial numbers were applied to them using paging machines. Once the misprints had been replaced, any remaining unserialized make-up sheets were numbered in sequence and appended to the end of the order.

Paging machines used during the Type 1 era held a numbering head that contained eight metal serial number and letter wheels. The operator manually dialed in the desired serial number and prefix and suffix letters, and then affixed the whole one at a time as she hand fed the sheet into position.

Larger numbering heads were required to handle the added charter number when the Type 2 serial numbering system was adopted. Those numbering heads held seven wheels for the serial number and five for the charter number, all on a common axle allowing both numbers to be affixed simultaneously. Two numbering heads were required for the Type 2s because the juxtaposition of the serial and charter numbers on the respective sides of a given note were opposite each other.

The preparation of make-up sheets was a productivity killing means for handling misprints, but under the circumstances, it was the only viable solution. It was piecemeal, laborious and slow.

Identification

Figure 3 illustrates the normal alignment of the serial numbers on a Type 1 note printed on a numbering press. The alignments and spacing shown within the brown overprint didn't vary on the overprinting presses.



Figure 2. Paging machines in operation in the Bureau of Engraving and Printing during World War I. These machines were used later to affix make-up serial numbers to Series of 1929 replacement sheets one at a time. The numbering wheels are visible on the machine in front of the third woman from right.

Figure 3. Diagram showing the critical diagnostic alignments within the brown overprints printed on a numbering press. Notice where the vertical line bisects the upper right serial number on such notes and the vertical separation between the serial numbers. The placement of the serial numbers routinely departs from these norms on replacement notes.



All Series of 1929 National Bank Note replacement serial numbers are distinguishable using the following criteria.

1. The letters and numbers have a rubber-stamped appearance characterized by incompletely formed, under- or over-inked characters.



Figure 4. Rubber-stamped appearing serial numbers on a classic Series of 1929 Type 1 replacement note.

2. The serial numbers often are misplaced or crooked.

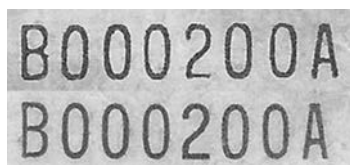


Figure 5. The upper right serial number on this Type 1 note has a decided rightward shift and tilt. Crooked serial numbers are far more common on Type 1 than on Type 2 replacement notes. The tilt of the serial numbers can be even greater than on this example.



Figure 6. The vertical separation between the serial numbers is abnormally small on this Type 2 replacement note. This was the first Type 2 replacement note to be recognized, a discovery made by Huntton in the late 1970s.

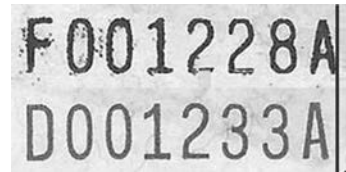
3. The brown ink in the serial numbers usually is darker than that of the seals.



4. Minor smearing and spattering of the ink in replacement serial numbers is sometimes evident.

Figure 7. These two serial numbers are from the Vicksburg, Mississippi note illustrated on page 103. The upper was printed using a paging machine, the lower by an overprinting press. Notice the darker shade of the upper replacement number.

Figure 8. Two serial numbers from a sequence of notes from the same bank illustrating that the width of the serial numbers on Type 1 replacements (top) is about 1 to 1.5 mm wider than on conventional notes. Also notice the spatter of the ink in the replacement serial.



As shown on Figure 8, one diagnostic confined solely to Type 1 replacement serial numbers is that the cumulative width of the serial number as measured from the outside edges of the prefix and suffix letters is 1 to 1.5 mm wider than that of the conventional numbers.

Type 2 replacements exhibit one characteristic not found on the Type 1s. The crossbars in the As are slightly lower than on conventional As.

We also find that there is little tendency for Type 2 replacement serial and charter numbers to be tilted. Possibly the paging machines were modified to improve the alignments.

Of course, the most highly prized replacements are the poorest made. What collectors like are obvious examples. A perfectly made replacement is visually fairly difficult to identify quickly.

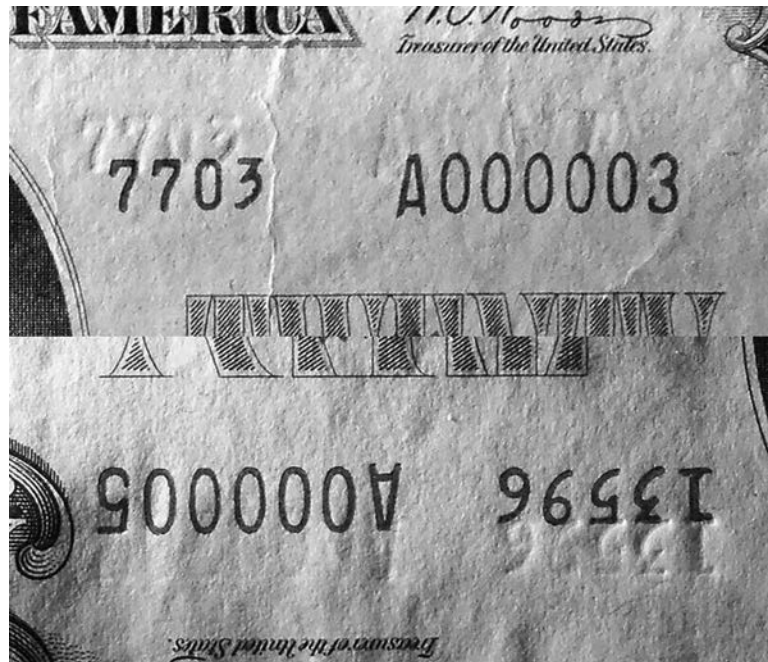
Figure 9. The crossbar in the A on Type 2 replacement serial numbers (left) is lower than in conventional As.



Blind Embossing

Some replacement notes exhibit obvious blind embossing of serial numbers punched through from overlying sheets. This phenomenon is most commonly observed on Type 2 replacements, but does occur on some Type 1s. The implication is that much greater force was used to apply the combined serial and charter numbers on the Type 2s than was needed to impress the Type 1 serial numbers.

Figure 10. Two examples of blind embossing caused by punch-through of serial and charter numbers, which occurred as those numbers were added to the preceding sheet by the paging machine operator. The bottom image is shown upside down; otherwise the embossed numbers appear raised through an optical illusion. Blind embossing is unusual on Type 1 replacements.



Blind embossing reveals that it was common practice for the operator to place several sheets on the bed of the paging machine and work down through the stack. The pile was soft, so as she stamped the numbers onto the top sheet, they deeply embossed through into the underlying sheets. Consequently, multiple embossed serials can occur on a given note. They are, of course, different from the

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Figure 13. The out-of-register left A000003 serial number on this sheet is a classic replacement number. The other 11 serials are conventional. The original was malformed so they erased it and used a paging machine to re-enter it.

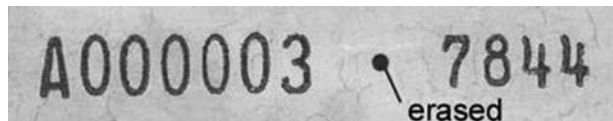
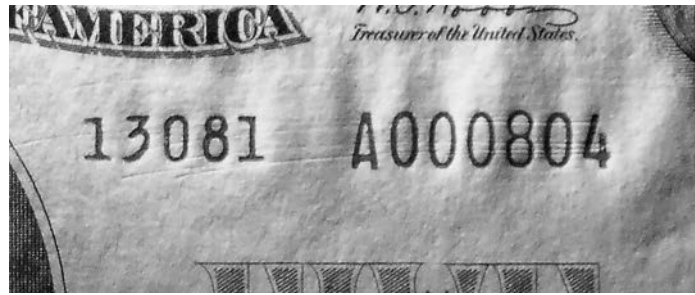


Figure 14. Detail showing the replacement A000003 on the St. John sheet. Notice the tiny wrinkle that rolled up between the serial and charter numbers as the operator erased the original numbers.



Figure 15. The left serial on this Vicksburg note is a replacement number, the right a conventional number. This is another case where they were able to salvage an otherwise good sheet by adding the replacement where a number either wasn't printed or a malformed number had been erased.

Figure 16. This is a dramatic example of an erasure where a malformed serial and charter number pair was removed and replaced on an otherwise well-printed Type 2 sheet.



Interesting Pairs

Simek has doggedly pursued Series of 1929 replacement notes since they were first recognized. Along his journey, he has come up with two great pairs.

The consecutive Lake Charles pair consists of a conventional and replacement from the same plate position.

Figure 17. Consecutive pair of Lake Charles notes from the same plate position where E000130A was printed on an overprinting press and E000131A was a make-up numbered on a paging machine.



Similarly, the pair from Winterset is comprised of a replacement note followed by a smeared machine overprint from the next sheet. Clearly what happened in this case is that the black overprint was found to be smeared on a couple of consecutive sheets. The one on sheet 353 was so bad it was replaced. The minor smear on 354, although obvious, wasn't considered sufficiently bad to cause it to be replaced!



Figure 18. Winterset \$50s from consecutive sheets where sheet 353 replaced a sheet where the overprint was far more boldly smeared than on sheet 354!

Discovery

No Series of 1929 \$50 or \$100 Type 2 replacements have been reported so far. It is only a matter of time before these turn up, so start looking! \$100 Type 1 replacement notes remain very scarce with one reported so far from the Houston National Bank, Texas (9353) shown here.



Figure 19. This exciting Type 1 \$100 replacement note is the discovery piece for its type and denomination, a note that turned up in 2011 as we were preparing this article. This \$100 is from the last sheet from a printing consisting of serials 449 through 554 for the bank received at the Comptroller's office September 9, 1930. It probably was a left-over make-up sheet that was numbered and appended to the end of the order.

Errors that Got Out of the Bureau

The inspection of Series of 1929 sheets for errors was imperfect, just as in other classes of notes. Proof that errors slipped by the Bureau inspectors are the highly prized misprints residing in collections as well as entries in the National Currency and Bond Ledgers where the Comptroller's clerks noted that misprints were caught.

Misprints caught by the Comptroller's clerks generally were not sent on to the banks except under the most unusual circumstances. The clerks in the Comptroller's office used two procedures for handling misprints that they found.

The practice through about January 1933 was to technically issue the misprinted sheet to the bank, but immediately send it to the redemption division, thus

balancing it off the books. The second method, used afterward, was to simply withdraw the misprint and omit it from the books altogether, yielding a break in the serial numbers on the books. See Warns and others (1970, p. 28-29).

No requests were passed down from the Comptroller's office to the Bureau of Engraving and Printing to provide replacements. Rather, the banks received incomplete sequences. Sprinkled throughout the Van Belkum data are notations indicating that one sheet, or a very small number of sheets, were not sent to a bank. Misprints caught by the Comptroller's clerks explain these missing sheets.

It is very difficult to spot such entries in the National Currency and Bond Ledgers without pouring over every page, so most such entries were not caught by Van Belkum, and consequently are missing from our data sets.

Figure 20. Sometimes you find replacement notes from otherwise highly desirable banks, which simply adds to their allure. The placements of the serial numbers on this Juneau replacement note are good, but the numbers have the characteristic rubber-stamped appearance.



Tradition

The practice of using make-up sheets to replace defective sheets did not originate with the Series of 1929 notes. Make-up replacements were used throughout the large size National Bank Note printings beginning with the notes produced by the bank note companies in the Original Series. They are virtually impossible to spot because they generally were made with great care.

It also was the practice for the Comptroller's clerks to reject misprinted large size National Bank Note sheets that they discovered, and request the BEP to provide replacements. These replacements also were numbered on paging machines identically to other make-up sheets. This practice died out sometime before the end of the large note era. Thereafter, the Comptroller's clerks simply canceled the misprinted sheets and sent incomplete runs to the banks.

Decades ago Huntoon found orders in the National Archives from the Comptroller's office to the Director of the BEP requesting such replacements. The orders he found were of Series of 1882 Brown Back and 1902 Red Seal vintage. The remarkable thing about them was that you could see that the order forms themselves were passed down the chain from the Director to the production people so the order forms followed the replacement sheets through the plant.

The operators of the paging machines did a very human thing when the orders arrived at the numbering division. They dialed in the required serial numbers, and then looked for something to test them on before stamping them onto the replacement sheets. You guessed it; they first stamped the numbers on the order form in any available blank space. Thus the completed orders eventually were filed with beautiful copies of the serial numbers that appeared on the replacement sheets!

The most remarkable correction that Huntoon remembers finding was a case where the clerks discovered two consecutive sheets where the Treasury sheet numbers progressed in forward fashion but the bank sheet serials progressed backwards. He was amazed that anyone could even spot such a mistake. Can you imagine what an annoyance it was for the printers to have to set up a press especially to print the two replacement sheets and then forward them on to equally harried personnel in the numbering division to complete the job? Obviously, this was an unwelcome, tedious, time consuming process.



Figure 21. This note is most likely from a make-up replacement sheet where the operator of the paging machine tested the Treasury serial number on the margin of the sheet before applying it to the four notes. The number would have been trimmed away if all had gone according to plan, but it was too close in. Notice the heavily applied bank serial 1, which is characteristic of many 1929 Type 1 replacement serial numbers, too.



Figure 22. This detail shows that the floater is the same as the treasury number on the Birmingham note.

A fabulous number 1 Series of 1882 Brown Back from Birmingham, Connecticut, owned by Rahul Arora, is a variation on the same theme. As shown on Figure 21 his note contains a floater Treasury serial number in the right margin that is the same as on the note. There are two likely ways it could have gotten there.

It could have been the result of an elaborate accordion fold that caught the same number from another position on the same sheet, or this note is from a replacement sheet where the operator of the paging machine tested her serial number on the edge of the sheet before affixing it to the notes. The idea was that it would be trimmed away before being shipped to the bank, so who would care - only it wasn't!

We can dispense with the accordion fold idea because the requisite creases are not present on the note. The idea that this note is, in fact, from a replacement sheet is amply supported by the fact that the bank serial 1 is very much over-inked and heavily applied to the paper, very similar to the numbers on many 1929 replacements.

Make-up replacements were also used for all large type note production prior to the introduction of star notes in 1910 (Murray, 1996). The use of star notes spread to various denominations thereafter, but make-ups were used to replace low-production high-denomination notes through the end of the large note era.

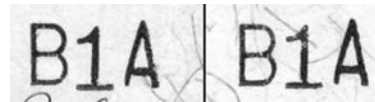
Star notes were employed for all but the highest denomination small size type notes. Make-up replacements continued to be used for \$5,000 and higher denomination Federal Reserve and \$10,000 and higher gold notes until those denominations ceased to be printed (Huntoon, 1983).

Another type of make-up was utilized during the large note era. None of the serials numbers on large size type notes utilized leading zeros. Consequently the numbering heads on the numbering machines had to be specially configured to print the numbers below 10 million. This required that the unneeded number wheels had to be removed and appropriate spacers added to position the remaining wheels. Not all of the low numbers were handled this way because it was too inefficient.

Figure 23. The 1-, 2- and 3-digit serial numbers on sheets of large size type notes were applied using paging machines, so those sheets classify as make-up sheets. Many exhibit a rubber-stamped appearance and wander within the spaces provided for them, the latter characteristic being readily evident when different notes from the same run are compared.



Figure 24. The identical spacing and alignments between the characters coupled with identical flaws within the characters in the two serial numbers from the \$1000 Series of 1918 NY note demonstrate that both serial numbers were applied using the same numbering head. The minor variations that are apparent are attributed to differences in inking.



Many 1-, 2- and 3-digit serial numbers observed on large size type notes have a similar rubber-stamped appearance and sometimes crooked placement typical of numbers applied from paging machines. The numbers appear to wander around in their allotted spaces when several low numbered notes from the same run are compared. Furthermore it is evident that the right and left numbers on a given note were applied by the same numbering head based on the same alignment, spacing and flaws in the characters. The implication is clear that those sheets were numbered on paging machines. Only when the 4-digit numbers were reached was it worth the effort to go through the necessary setup work to begin numbering the sheets on a numbering press.

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Mrs. M. S. Pierson, National Bank President

By Karl Sanford Kabelac

HASKELL, TEXAS IS A COMMUNITY OF SOME 3,000 PEOPLE ABOUT 50 miles north of Abilene and 200 miles west of Dallas. It is the county seat of Haskell County, which was organized in 1885 and named to honor Charles R. Haskell, a soldier in the Texas Revolution.

Marshall Samuel Pierson (1838-1909), a native of Alabama and a Civil War veteran, settled in the community in 1890. He immediately became active there, helping to found The Haskell National Bank (charter #4474) that same year. He was elected the first president and served for nearly twenty years until his death in 1909.

In 1886, as a widower with five children, he married Margaret Nancy Rice. She was then 23 and a native of Laclede County, Missouri. She had grown up in Texas and become a schoolteacher. They became the parents of six children.

At his death in 1909, Mrs. Pierson became president of the bank and by the mid-1920s their son, Alfred C. Pierson, was the cashier. During the Depression, the bank was reorganized, becoming the Haskell National Bank (charter #14149). Mrs. Pierson and Alfred continued as president and cashier respectively. She retired in 1947, having served as president for 38 years. Alfred succeeded her and served until 1967.

In the 1910s, she had moved to Abilene so that her children could receive the educational advantages of that city. She died in Abilene on October 17, 1948, at the age of 85. Tributes then and later noted her long bank presidency, her responsibilities in overseeing family ranching and farming interests, and her activities in church work.

Series 1929 note of The Haskell National Bank with the facsimile signatures of Mrs. M. S. Pierson as President and her son Alfred C. Pierson as Cashier. (Courtesy Frank Clark)



The Haskell National Bank continues to this day. Its main office is in Haskell, with a branch opened in Abilene in 2000. The stone building built for it in



Series 1929 note of the Haskell National Bank with their signatures. Note that they signed different signature forms for the reorganized bank, as their signatures are slightly different from the previous bank's notes. (Courtesy Heritage Auction Galleries)

1891 still stands in downtown Haskell, but the bank moved to newer quarters in 1959.

Sources and acknowledgements

A biographical sketch of Marshall S. Pierson appeared in B. B. Paddock, *Twentieth Century History and Biographical Record of North and West Texas*, 1906, vol. 1, pages 559-560. An obituary appeared in the *Fort Worth Star-Telegram* for March 27, 1909. One for Mrs. Pierson is found in *The Haskell Free Press* for October 21, 1948. The latter newspaper carried a series of historical ads relating to the bank during its centennial year. They appeared in the issues for February 8, March 22, April 26, July 5, and July 19, 1990. Rex A. Felker, *Haskell, Haskell County and its Pioneers*, 1975, contains a picture of the bank (page 30) and a section on the M. S. Pierson Family, pages 242-245. The enthusiastic help of Wanda Ham of the Haskell County Historical and Genealogical Society in Haskell is gratefully acknowledged. ♦

Write the Editor and speak your mind

Hi Fred,

In regards your article "Two bills from the same wheresgeorger show up" in the January/February 2012 issue of *Paper Money*, no sooner had I received the issue and read your article, I found a one dollar note s/n B30255659J with a faded red rubber stamp circling the Federal Reserve emblem "www.wheresgeorge.com."

In the December 2011 issue of *Scientific America* (page 52) there is an article written by David Wienberger, entitled "The Machine That Would Predict the Future" which would analyze data taken from web-like principles such as interconnection and arguments. Scientists took data from the Where's George Project in 2009, which tracks the location of millions of one dollar bills as they move across the U.S., to model how 2009's H1N1 flu virus would likely spread. Although they accurately predicted how the flu would spread, they could not account for the number of people who actually became infected. David Wienberger is a senior researcher at Harvard University's Berkman Center for Internet and Society.

Henry Brasco

Dear Editor of *Paper Money*,

As with any enterprise, someone needs to step forward and accept the challenge from time to time. For the SPMC and *Paper Money* this can mean serving on the Board of Directors or submitting articles or...deciding what to print. If the volume of articles is such that what's left in the box gets published, it is hard to blame the editor for what appears.

However, it is true that some people will buy a newspaper every day just to read only a small part of it. If you were to try to publish a paper with just the local news and nothing else; no obituaries, no sports, no bridge column, no crossword, well, it might sell but probably not well. It would be remarkable to find someone who reads every page of a paper or *Paper Money*. Perhaps it would help if readers would write in and suggest some topics; why were certain colors used for seals? Why were they changed as in red to blue, for example. Perhaps one of our regular authors can share a thought about why they chose a topic. We may not make everybody happy all the time...but we may make a great publication even better!

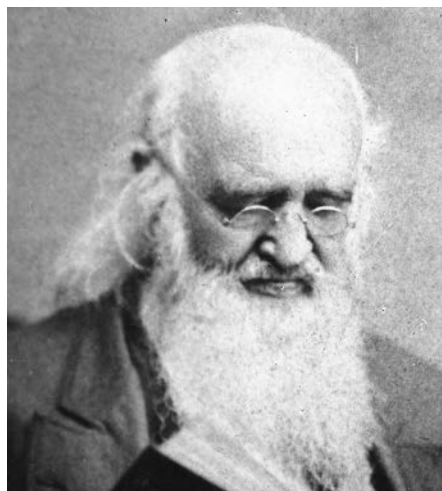
John Gavel ♦

Chattanooga Money now **FREE** Online

By Dennis Schafluetzel and Tom Carson

THE ELECTRONIC BOOK CHRONICLING THE HISTORY OF money in Chattanooga, *Chattanooga Money*, is now free online. As co-authors we have decided to give it as a present to the residents of the Gigacity and collectors everywhere.

This is the most comprehensive book ever written on a region's money. The massive number of color images makes this cost prohibitive as a printed book, but an excellent example of the power of high speed internet. Starting with the pre-Civil war state chartered banks there are color images of hundreds of notes – many unique. There are histories of the banks and many of their officers.



Above: Bank of Chattanooga 1854 note signed by William Williams (left), Bank President and Mayor of Chattanooga.

Money was scarce so during periods of economic uncertainty people and institutions of standing in the community were forced to print money to allow for the continuation of commerce.

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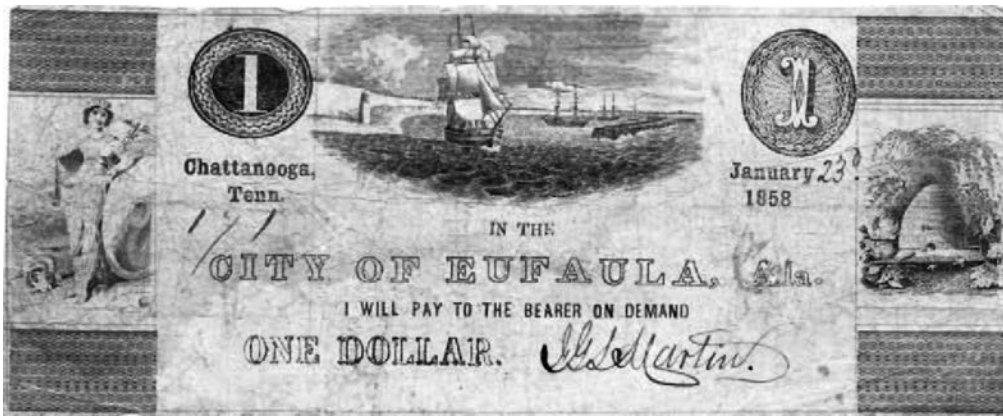
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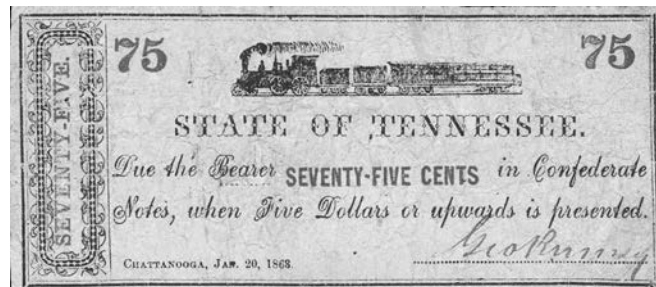
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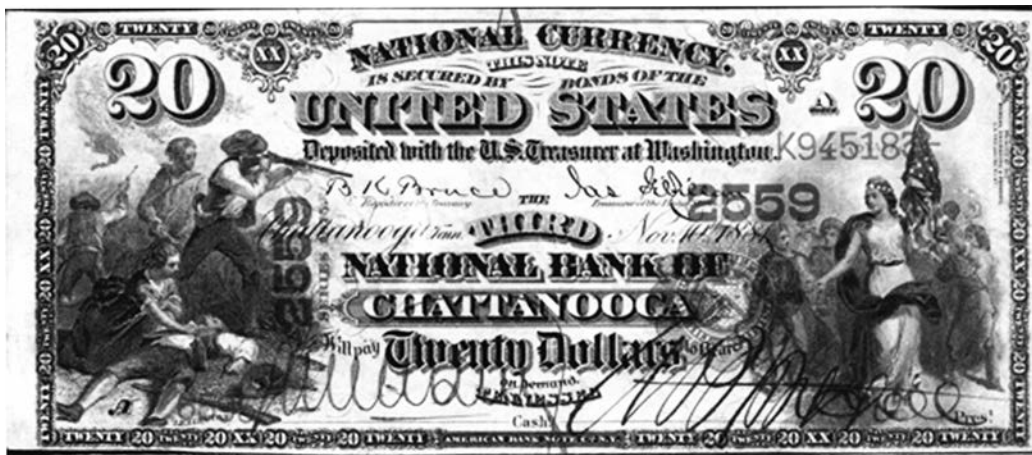
The Confederacy did not make coins so change was made by Change Notes issued by prominent businessmen.



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The Federal Government began issuing paper money in 1862. The First National Bank of Chattanooga was organized in 1865 and survived until December 31st 1932. There are no known surviving notes from the early issues of First National Bank Ten national banks in Chattanooga issued notes. There are also no known surviving notes from Chattanooga National Bank, City National Bank, Fourth National Bank or Merchants National Bank. The Smithsonian Institution graciously let us scan the proof sheets from the Bureau of Engraving and Printing for some of the unknown notes.



Unique issued \$20 from the estate of the Sam Bettis a Chattanooga businessman and collector.

This is just a small smattering of notes from *Chattanooga Money*. *Paper Money* readers can spend hours at [http://www.schafluetzel.org/Chattanooga\\$/index.htm](http://www.schafluetzel.org/Chattanooga$/index.htm) learning the history of money in Chattanooga. This is a “living work” and readers can contact Dennis Schafluetzel at dennis@schafluetzel.org or Tom Carson at tcarsen@ewkm.net with items to add. ❖

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The Granville Alexandrian Society

By John Davenport

FOUNDED IN 1805, THE VILLAGE OF GRANVILLE, OHIO LIES about 30 miles northeast of Columbus in Licking County. Since 1831, it has been home of Denison University. It was also once home to the Granville Bank, also known as the Granville Alexandrian Society. The legitimacy, nature, and even dates of existence of this institution have been a point of confusion for well over a century. James Haxby lists the Granville Alexandrian Society as being in business from 1839-42. Bushnell's history of Granville lists the dates of operation as 1815-17 and 1836-38, with a separate bank of discount and exchange operating afterward. Wendell Wolka's book on Ohio banknotes agrees with the first incarnation, but claims the second attempt ended in either late 1841 or early 1842.

The historical marker that stands outside the building that housed the bank for most of its history claims it closed in 1837. According to some accounts, the ultimate end of the Bank came after a loan of \$50,000 made to an Eastern investor that came back after that investor went bust himself, the notes still in their original wrapper. Fortunately, a large number of original documents survive in various archives, so we can create a reasonably complete chronicle of the Granville Alexandrian Society. Its history is a crossroads of the major players and themes in Ohio banking in the pre-Civil War era.

The Granville Alexandrian Society was chartered as a library on January 26, 1807. It continued in this capacity until 1815, when the articles of Association were modified at the March 7th annual share-holder meeting in order to pave the way for a banking business. The office of Cashier was created, and the duties of the President were expanded. In addition, capital was raised in anticipation of issuing currency. There was precedent for their actions – the first bank in Ohio, the Miami Exporting Company, was initially chartered as an exporting cooperative in 1803 before eventually becoming an exclusively banking operation in 1807. The region's economy was expanding after the end of the War of 1812, and many banks opened without any charter whatsoever.

The first entry in the bank ledger was made August 2, 1815. Alexander Holmes had been chosen the first bank President, and Richard Roach was appointed the bank's first cashier. Bushnell's history states that Gustavus Swan and Elias Gilman succeeded Roach as cashier. Records of shareholders meetings this early do



not survive, but notations in the ledger shows Gilman resigning as President on July 29, 1816, being replaced by Holmes, and being cashier soon after. As shareholder meetings were held each March, it is likely that Gilman was elected to replace Holmes in early 1816, but stepped down to replace Swan as cashier, the more necessary position for the day-to-day operation of a bank in that era.

The Bank suspended banking operations in 1817, as did many other Ohio banks due to an economic recession along the frontier. The exact date at which the bank went under is unknown. No mention was made in the directors' book at the time, but an extraordinary entry can be found pasted onto a blank page in the book more than two decades later:

"This may certify to all to whom it may concern that to the best of my recollection, the Directors of the Granville Alexandrian Society held a meeting sometime in the month of August or September in the year 1817, and passed an order, agreeing to suspend the Banking operations of said Society, & wind up its Concerns, as soon as it could be conveniently done – owing to the insolvent condition of its affairs."

Granville Ohio

April 1840

Elias Gilman

One of the then directors

Figure 1: The home of the Granville Alexandrian Society from 1816 until about 1840, now the Granville Historical Society.

In August 1817, the bank filed suit in the Licking County Common Pleas court in the case *Granville Alexandrian Society v. John Van Buskirk*. On March 10 of that year, Van Buskirk had received a loan of \$250 from the bank, paid out in Granville paper. When he was either unable or unwilling to pay back the loan, the bank sued. As part of his defense, Van Buskirk claimed that the bank was in violation of the Bonus Law of 1816, which prohibited issuance of unauthorized currency, and hence that the loan was void. The case was taken up by the Ohio Supreme Court in the October term, and ultimately the case was found for the plaintiff, and

the bank was awarded both principal and interest. On October 6, 1818, a payment of \$225 from John Van Buskirk is recorded. Although the bank was insolvent, it did transact some business as late as 1820, the last significant entry in the Journal being May 5. Much of this was settling debts, receiving payments for loans it had made, and the like. The bank's ledger shows that fractionally-denominated "tickets" were issued as late as December 1, 1817. There is some evidence that the bank lent Jeremiah Munson, a director of the bank and the owner of the Granville furnace, \$1,300 in September 1818. In December 1818, the *Columbus Gazette* ran an advertisement from the furnace stating that "[o]ne half good current chartered paper and one half Granville paper will be received as payment."

The records of banknotes in circulation at the time are incomplete. A.J. Smith, a later cashier of the bank, privately claimed that he could not determine exactly how much currency was outstanding at the close. In his statement to the Bank Commissioners for the 1840 annual report he stated, "[t]he old books of this institution exhibit an outstanding balance of office notes in circulation of \$13,653.58 in addition to the above amount. But it is presumed to be incorrect." In his opinion, the actual amount was smaller than that reported. Only \$13 is known to survive today.

The Rathbun Era

Brief shareholder meetings took place annually after 1820 in order to maintain the charter, with William Stanbery being elected President each year and Samuel Bancroft chosen to be Librarian from 1820 until 1826. No cashier seems to have been elected, as no banking activity occurred and that position was not mandated by the terms of the corporate charter. In 1836, the bank was bought and recapitalized by Benjamin Rathbun, a developer from Buffalo, NY. His representative in the negotiations was Henry Roop, who was subsequently installed as President at the 1836 shareholder meeting.

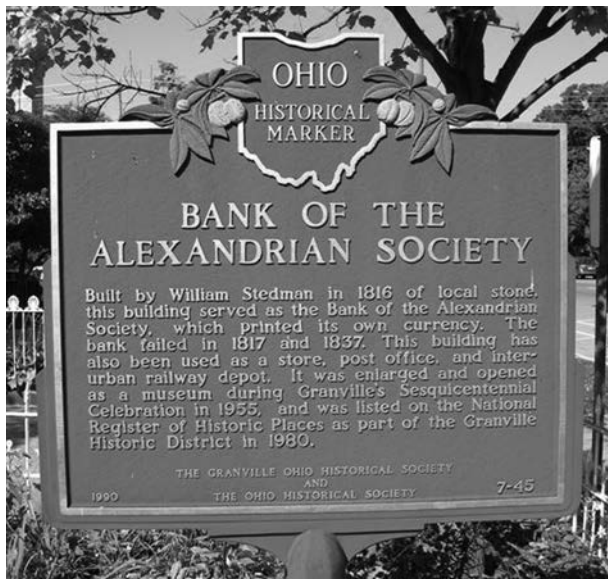
A.J. Hammond was the new cashier. A new set of by-laws were instituted, and arrangements were made to begin repayment of about \$20,000 in debts remaining from the first incarnation, primarily due to the Bank of the United States. Previous shareholders were given the option to trade in outstanding shares on a one-for-one basis for ownership in the new bank. Although no explicit mention was made, it is apparent that paper still outstanding from the previous incarnation was to be accepted.

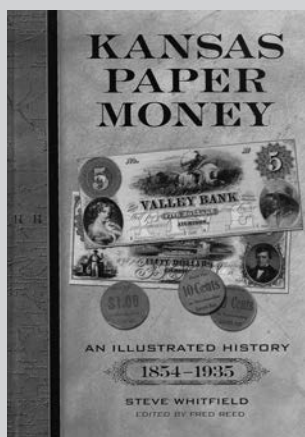
At this time, many Ohio banks were either being started or resuscitated by Buffalo investors, in the belief that canals would open up Lake Erie as a major shipping route. The Manhattan Bank (located in what is now Toledo) was begun in 1835, followed by the Bank of Gallipolis in 1836. The Miami Exporting Company, which had recently reopened in Cincinnati, started a branch in Conneaut with Buffalo, New York capital in 1835. The Bank of Steubenville was reopened in 1839 after having failed nine years earlier. For his part, Benjamin Rathbun was heavily invested in real

estate in the Buffalo and Niagara Falls areas, and needed ready credit to continue his dealings. To this end, he purchased controlling interest in the Patterson Bank of New Jersey in 1834 and the Granville Alexandrian Society in 1836, and began the Commercial Bank of Fort Erie in Ontario in 1836 as well.

It has been noted by other writers that the distance between the three banks was by design – this way Rathbun could circulate each bank's paper far enough away to slow redemption. The distance also allowed him to have some anonymity in the purchases. Buffalo newspapers noted the influx of Granville notes into the area, but did not attribute them to Rathbun. Not everyone seems to have been in the dark,

Figure 2: The historical marker in front of the Historical Society, claiming the bank closed in 1817 and 1837.





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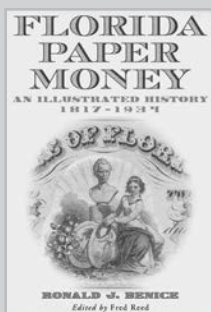
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Auction	9 x 3-3/4"	\$26.75	\$48.00	\$226.00	\$410.00
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though — as soon as concerns about the new currency was expressed, another paper friendly to Rathbun, the *Commercial Advertiser*, wrote that the Granville Bank was legitimate and its notes were being accepted at a number of banks in the region.

What has not been commented on before is how exactly Rathbun came to choose Granville's bank for his business dealings, as opposed to resuscitating another dormant bank or creating a new bank as he did in Fort Erie. Two possibilities have presented themselves. The first hinges on the fact that an original director of the Patterson Bank, Henry Godwin, was a third cousin of Jeremiah Munson, one of the founders of Granville. Jeremiah's grandson, Jasper, is listed as a shareholder of the Granville Bank in 1838. It is possible that after buying into the Patterson Bank, Rathbun learned of the bank in Granville. A more direct connection between Rathbun and Granville, though, comes from the ledger of the Granville Bank itself. In late 1815 and early 1816, three entries exist for a John Rathbone, for a total of \$650. At the time, entries in the bank ledger consisted of only names and amounts, so we do not know whether these represented loans, deposits, or even payments for stock, but John was Benjamin Rathbun's first cousin, thirteen years older (the different branches of the family tree spelling their surnames slightly differently). John lived in eastern Ohio, and was an early investor in real estate in the area. Although no correspondence has been discovered as of yet, it is likely that Benjamin learned of the Granville Bank's existence and situation through John.

Regardless of how Benjamin Rathbun's financial empire came to include the Granville Alexandrian Society, it was not long lived. In August 1836, just months after resurrecting Granville's bank, he was arrested and ultimately convicted on forgery charges unrelated to Granville. How much of his alleged crimes were his doing and how much were caused by his brother is open to debate (and discussed in detail in Roger Whitman's book), but he ultimately served seven years in prison and his dealings in Buffalo came to a grinding halt.

Surprisingly little fallout seems to have occurred in Granville. It is clear that Rathbun's failure did not go unnoticed in Ohio; the Bank of Zanesville had to release a statement in 1838 to deny rumors that they were tied to Rathbun and faced imminent ruin due to his troubles. The Granville bank, however, does not seem to have been connected to Rathbun's problems by either the public or the press. William Utter's history of Granville does not even mention Benjamin Rathbun, ascribing the bank's problems to Roop instead.

The ledger for this incarnation of the bank has been lost, so we do not have direct records of Rathbun's loans. In the director's journal, however, we have statements of condition in roughly monthly intervals throughout this period. The bank had loaned Rathbun a considerable amount before his arrest which was never repaid. The amount listed on the books as being owed by Rathbun was \$108,071.07, but it is unclear whether this was entirely principal or included some interest. From bank statements, we can see that a large loan was made around July 4th, with a corresponding increase in the outstanding circulation of just about \$50,000. Another loan and issue was made around August 1. In all likelihood, these increases represent the loans made to Benjamin Rathbun. By September, the amount of currency on hand has grown by more than \$50,000, with no increase in prepared notes. The most logical explanation is that \$50,000 in Granville notes was returned shortly after Rathbun's arrest, but the amount was absorbed without incident. No local newspapers mention any unusual events at the time, but the stories of the bank failing because of the redemption of \$50,000 must be based on this episode.

Date	Bills Discounted	Office Notes	Office Notes on Hand
June 21, 1836	81,274.41	102,900.00	1754.00
July 18	171,100.82	150,000.00	3448.00
July 26	160,978.46	157,500.00	5217.00
August 8	222,953.80	212,500.00	7603.00
September 6	207,319.41	212,500.00	60,496.65

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A. J. Hammond resigned as cashier on September 23, 1836. A Mr. Wells, previously the clerk, served as interim cashier until November when the position was filled by A. J. Smith, a Granville resident who was officially installed at the next annual meeting (and given back pay for his service to that point). Aside from this, though, business continued as normal for some time, which is not to say that business was great. The country was in recession in 1837, and Ohio was particularly hard hit due to the bursting of a real estate speculation bubble after the Specie Circular the year before, which required land purchases from the federal government to be made in gold or silver ('specie') rather than bank paper. On May 20, the Granville Alexandrian Society suspended redemption of its banknotes in specie along with the vast majority of the other banks in the state, in response to a similar move by East coast banks. One exception was made; the deposits of Augustin Munson were still to be paid in specie. It is possible that this suspension was misunderstood by a later historian to be a closure, which was conflated with the large redemption discussed previously.

A new printing of currency from Woodruff & Mason, a Cincinnati printer, was authorized in early May 1837. On May 9, an order was given to prepare half of that issue upon arrival, \$50,000 face value, to be made payable at a bank in Buffalo, New York. The specific bank was to be chosen by Mr. Roop in the near future. On June 3, after the suspension had taken place, another order asked that \$20,000 in currency be prepared to state "payable in current Ohio bank notes." This would make those banknotes never directly redeemable for silver, even after the suspension was lifted. Neither of these tactics would have been unheard of at the time. Both, however, would have had the effect of delaying redemption of the bank's paper, and were signs of financial distress.

It does not appear that either of these orders was actually carried out. On July 15, 1837, Henry Roop resigned, and his stake in the bank was bought out. This transaction was completed by September, with the price paid by the remaining directors being the amount paid in by Roop less ten percent. Officially, the reason for this move was geography; Roop was not in Granville on a regular basis, making day-to-day business difficult. The change in leadership does not seem to have been a surprise, either, as an office of Vice President was created at the May 9 meeting and filled by Daniel Duncan. He served in Roop's place until Duncan resigned January 8, 1838, and Elias Fassett was elected President. At the annual meeting that March, Periander W. Taylor was elected President, and served for the next three years.

Meanwhile, economic conditions were not improving. The Patterson Bank, the first of the two that Benjamin Rathbun had reopened, was reported closed by the *Zanesville Aurora* on February 2, 1838. Failures were not limited to Rathbun's banks; on March 28th, the Farmers Bank of Canton (OH) went under. Two weeks later on April 13th, the Columbus *Ohio Statesman* reported that the Commercial Bank of Scioto, in the river town of Portsmouth, Ohio had suspended by injunction. In the same issue, the *Statesman* wrote of Granville:

"We know not why this bank is in a better condition than the Canton....In such a condition has this Bank lately held out the idea to the public that it would probably lead the way to a resumption while its notes are not even bankable in this city, at one of the banks, if not both! The very fact of this bank saying, in its answer to the legislature, that the cause of its suspension was the "Specie Circular" as did the Canton Bank, show it to be rather a political concern, with a false hood upon its tongue. -- Such tricks upon community may be fun for Banks, but it is death to the people."

In order to strengthen its condition, the Granville Bank reached an agreement on May 25, 1838, to sell half of its stock (3,000 shares, defaulted by Rathbun) to John H. James of Urbana, Ohio. James was a lawyer by training, and had come to



Urbana to work through the remaining claims involving the Urbana Banking Company, which had closed in 1823. In 1830, James bought the bank and revived it. A Whig and a firm believer in both banks and a large money supply, he ideally wanted a network of banks across the state, and as a member of the Ohio Senate he introduced legislation to create a state bank system very similar to what would become the State Bank of Ohio almost a decade later, in 1845. In the meantime, James put together a collection of banks that he either owned outright or had allegiances with. He bought the Manhattan (OH) Bank in September 1838 only to sell it in April 1840, founded the Mechanics and Traders Bank in Cincinnati in 1838, and had significant influence in both the Bank of Sandusky and the Farmers Bank of Canton. His personal journal shows that he also owned 25 shares in the Belmont Bank of St. Clairsville, but how much presence he had there is unknown. Each of the banks he controlled issued large amounts of currency. James felt that with a network of banks, and standing agreements with other banks (mainly in the east) to borrow funds if necessary, the large outstanding issue would be safe and a boon to the area.

The first communication between Granville bank personnel and James was in January of 1838, when A.J. Smith wrote James asking for legal advice dealing with the impending passage of a law that would potentially damage the bank's prospects, or even shut it down. The relationship must have developed quickly, as by April 9th a Mr. Swayne, the U.S. district attorney who was the Granville bank's contact in its attempts to pay off its old debts, wrote James that "[t]he Granville folks...are anxious for the contemplated arrangement."

The details of the agreement between the Granville Bank and James show that the bank was in trouble. It called for James to pay \$5 per share immediately, and to pay additional capital in to reach parity with the other shareholders (\$30 per share,

Figure 3: The last home of the bank, a few blocks east of the earlier home. The right side of the building still shows scars from where the brick was cut out to make room for the safe.

on a par value of \$100) as soon as possible. The truly unusual condition of the agreement, and the best evidence that the bank was in substantial distress, is the clause that states,

“As there is a present deficiency in the capital of the Society caused by a loss to B. Rathbun, it is agreed that these losses shall be made good without contribution from said James or those who may hold part of the 3000 shares hereby sold.”

In essence, there were now two classes of shares -- one that was responsible for the Rathbun losses, and one that was not, even if James sold or transferred those shares to others. One consequence of this unusual ownership structure is that for the remainder of the Bank's existence, its circulation issued before the James ownership agreement was reported separately from that issued after the agreement. Specifically, it was listed as “Hammond/Roop” issuance and “Taylor/Smith” issuance. The obvious implication is that no new banknotes were signed between Hammond's resignation and Roop's departure, a period of eight months. Of course, notes may have been prepared before Hammond resigned, only to be entered into circulation afterwards.

The purchase agreement was consummated on October 11, 1838. Three different surviving letters discuss the financial condition of the bank dated October 6, just prior to the change in ownership. The most interesting of these was written by John Delafield, Jr. and labeled “Confidential” across the top. Delafield had previously been the president of the Clinton Bank of Columbus, and was now the proprietor of a banking house in Cincinnati. He was also James' source of funding for the acquisition of the Granville Bank. The letter begins with a statement of the bank's finances as reported by the cashier. After this, Delafield states that he has gone through the books and receivables and includes his own statement of condition, which differs very little from that which was presented to him aside from breaking the bills discounted into good, doubtful and bad categories. Rathbun's debts were described as \$29,000 of “hopeless,” \$35,071.07 of “preferred or doubtful,” and \$44,000 of “other,” this last category being backed by Rathbun's forfeited bank stock. All but the doubtful category was guaranteed as part of the sale agree-

SPMC is seeking nominations for the following awards:

Nathan Gold Memorial Award

Founders Award

Forrest Daniel Award for Literary Excellence

Wisner Award

**See page 142 for details, then contact Benny Bolin
at smcbb@sbcglobal.net**

ment. Even if all of the Rathbun debt had gone bad, however, the Bank's net assets were 23 cents per dollar paid in; 43 cents after the sale to James was completed. Certainly the Bank was not in great shape financially, but it was not bankrupt, either.

Throughout the next year, a concerted attempt was made to completely extricate the bank from its remaining ties to Benjamin Rathbun. Twenty thousand dollars worth of claims against Rathbun, still pending in legal limbo, were transferred to Merrill Sherwood in return for \$20,000 of paid-in capital. Another twenty thousand dollars of preferred claims against Rathbun was sold to Henry Roop on January 14. At the same time, a motion was made to suspend specie payments again, but was voted down. Authorization was given to buy either land or an existing building for a new banking house and cashier's quarters. Eventually the bank did move a few blocks east. That building also still stands, its side still showing marks where the bricks were removed in order to install the old vault.

As 1841 came to a close, the economic environment for Ohio banks again turned sour. The majority of the existing banks' charters were set to expire at the end of 1842, and the Democratic majority in the legislature showed no desire to extend any of them. Some banks, like the Bank of Chillicothe, chose to begin winding up its business early, not certain they would even be allowed to legally function enough to collect loans and pay creditors come January 1, 1843. Trust between banks was also scarce, and rumors of distress would cause one bank to refuse the paper of another. At times the Cincinnati banks refused all paper north of the National Road (US-40 today).

James' financial empire was under pressure, and his numerous enemies were not helping matters. False rumors broke across the state that the Urbana Bank had closed. The Legislature formally challenged the charter of the Granville Bank for the second time in three years. The Mechanics and Traders Bank in Cincinnati experienced a prolonged run during the month of December. All the while Democrats worked to turn public opinion against banks in general. Through a great deal of effort, however, all of these banks remained open into the new year.

On January 11, 1842, both the Miami Exporting Company and the Bank of Cincinnati failed to open, setting off a major riot in the city. Both banks' offices were ransacked, as were those of at least one of the exchange offices in the city. When the mob reached the Mechanics and Traders Bank, all of the claims presented were paid, and the mob dispersed without further incident. Uneasiness continued the next few days, but it seemed that another crisis had passed. Then word came that on the same day that the two Cincinnati banks closed, the Farmers Bank of Canton had also failed (again). Bank runs began again in earnest. Finally, Granville paper was trading at such a discount that James decided it better to close the bank than to allow the speculators to wreck havoc. On February 2, 1842, the *Columbus Ohio Statesman* wrote, "Granville Bank Exploded: It is no more, this Whig pet, this swindling shop bolstered and protected by the Supreme Court and hard cider debauch." The editor, Sam Medary, a long-time antagonist of James, urged his readers "not [to] go to sleep, nor to mill" until they disposed of "Urbana promises to pay!"

The February 11 issue of the *Zanesville Aurora* ran a series of articles from other newspapers regarding the closure. These stories, appearing in anti-banking papers, painted a picture of corruption at the bank.

BANK INQUIRY – VIOLATION OF THE SABBATH – MORE SECRET COMMUNICATIONS WITH SHAVERS – THE IMPUDENCE OF A WHIG SHINPLASTER VIOLATOR OF THE LAW

The *Chillicothe Advertiser* brings to light a scene of as much corruption and iniquity as has yet come to light. It appears that the board of directors met in the Granville Bank, on the Sabbath, the 30th of January, resolved on winding up, dispatched notes to their brokers,

dated on Monday, sent an agent to Luray, on the National road, on the Sunday night, who intercepted the mail, which passes there after midnight to the west, and after breakfast time to the east, to inform their agents, days in advance, of their insolvency. This letter of the Cashier passed through the Post office in this city on Monday morning, yet the people of this city were not apprised until late Tuesday night, and Wednesday morning, of the final catastrophe of this bank. These things will surely open the eyes of the people to the vast system of swindling carried on by these political bankers, who labeled their doors, "all gone to old Tip's raisin!" [From the (Columbus) *Ohio Statesman*]

THE BANK OF GRANVILLE EXPLODED.

Bank explosions and frauds have now become a matter of such every day occurrence, that it is difficult to keep up in chronicling these events. There are some circumstances, however, connected with the bursting of the Granville bank, that require more than a cursory notice. The first intelligence which was received in this vicinity, of the failure of this bank, was through a letter received from the cashier of the bank by Mr. J. S. Atwood, who keeps a broker's office and shinplaster shop, in this city, and which reads as follows:

Bank of Granville
31st Jan., 1842

Dear Sir:--In consequence of the unceasing run upon this Institution, (having redeemed about \$130,000 of its issues, within the last thirty days) its cash assets being exhausted, except an amount just sufficient to pay the sums due depositors, the Board of Directors, in session this day, have determined to go into liquidation.

Your obedient servant.

A.J. Smith, Cashier.

J.S. Atwood, Esq.
Chillicothe, Ohio

This letter, it will be seen, is dated on Monday morning last, the 31st of January, and bears the post mark of Luray, O., a village eight or ten miles from Granville, and was received by Mr. Atwood, on the evening of the same day on which the letter is dated.

We are informed that immense quantities of this paper have been put in circulation in this country, from this shaving shop within the last few weeks, and up to the receiving the news of its failure; and we scarcely hear of any one in this vicinity, but who has more or less of the paper on hand. The notes, too, which were afloat, were as clear and unsoiled as a young lady's cambric handkerchief, just come from the wash woman. Yet a large portion of the same fresh starched and unsoiled notes, were dated January, 1839, in order to conceal the fact that they were made explicitly for the purpose of swindling the people in 1842. [From the *Chillicothe Advertiser*]

The referenced letter has not been located, but there is little reason to believe it was a fabrication. From surviving correspondence, it is clear that the Sunday meeting was deemed necessary because of the bank's bylaws — any significant motion needed to be put forth thirty days before the annual meeting, which was the first Tuesday of March. Apparently the directors waited as long as possible in hopes that the bank could be saved, but Sunday, January 31st was the last day available.

The more significant accusation here is that of flooding the area with fraudulently dated banknotes just ahead of closing. It is tempting to dismiss this charge as merely anti-bank (and anti-James) propaganda. However, notes matching this

description do survive. Specifically, notes signed by Alfred Avery as President have been found dated at various times in 1839; both January and July have been reported. As Avery did not become President until 1841, and all mentions of issued notes in all statements of bank condition specifically separate them into Hammond/Roop and Smith/Taylor categories, the existence of these notes are curious. The bylaws of the bank allowed for designates to sign currency in place of the President, but no mention has been found of this having occurred. On the other hand, the reported currency in circulation figures from October 31, 1841 (the last monthly statement surviving) and February 28, 1842 (from a statement of condition prepared by Lysander Jenks, the teller) shows a reduction of about \$130,000 – from \$336,703.75 to \$207,033.25. This would seem to support Smith's letter, and casts doubt on the idea of any substantial fraud.

Questions of Legality

For some time before the Society's failure, its legality as a bank had been questioned by anti-bank Democratic forces. There seems little doubt that the intentions of the bank were legitimate, especially given its efforts to honor previous debts. However, in early 1838 the legislature passed the *Quo Warranto* law, which would strip the charter from corporations that acted outside of the scope of those charters. This was the law that prompted A.J. Smith to first contact John H. James. As J.C. Wright, the President of the Miami Exporting Company – which became a bank in 1807 after being chartered in 1803 as a co-operative, and hence was in a similar legal limbo as Granville – wrote to James, "I was told your new prohibitory law was, in part intended to cut off the MEC and Granville."

Under James' ownership, steps had been taken to strengthen the bank's claim of legitimacy. Four days after the agreement to sell control of the bank to John H. James was consummated, a dividend was declared, the first since the bank reopened. This was done, at least in part, in order to pay the appropriate tax to the Auditor of State. By 1839, the state had created a Board of Commissioners, which was charged to visit in person each chartered bank in the state once annually and submit a report along with financial statements. Upon arriving in Granville, the Commissioners were unclear as to how to proceed. Eventually they filed a report, prefaced with the following statement (referring to the Board in the third person):

"In the opinion of the Board the charter of the Society is not one from which the right to exercise banking powers can be drawn by any fair and just construction; but they found it in existence, exercising all the usual functions of a bank and entertaining the opinion that no act of theirs connected with an examination, could give it any legal powers, they did not hesitate to examine its affairs. We would respectfully call the attention of the General Assembly to this society, and taking into consideration its present attitude in community, would recommend that the act of incorporation be forthwith repealed, or that the society be legally authorized to exercise banking powers." (November 18, 1839, report of Commissioners)

A.J. Smith was more optimistic about the meeting in a letter to James:

"Mr. Manypenny was highly pleased and happily disappointed with the result of his investigations, of our affairs. He expected to find a kind of Bible Society – not doing much business – limited resources &c, he and his colleagues deliberated sometime – upon the propriety of paying us a visit – by examining Acts of the Legislature, &c. -- & finally came to the conclusion unanimously – that we had a right to Bank in our present Corporate capacity." (Smith to James, June 4, 1839)

Shortly thereafter, the bank was named in a lawsuit accusing it of assuming banking privileges illegally. Filed by the prosecuting attorney of Ohio, *Parker v. Granville Alexandrian Society* was heard by the Ohio Supreme Court in August 1839.

For their part, the Granville lawyers did not deny that the original charter, if written in 1839, would not confer banking privileges. Instead, the bank's defense hinged on two major arguments. The first was the precedent set by the Van Buskirk decision more than twenty years before (and argued for the bank by the same lawyer, William Stanbery, who argued for them in this case). Because the Bonus Law of 1816 banned issue of banknotes by unauthorized entities, and the Supreme Court at the time did not void the loan in question (paid out in Granville paper), the bank's lawyer argued that this decision, in effect, acknowledged the Granville Alexandrian Society as a legal banking enterprise. Because the bank had not expanded its banking activities since that time, and had shown no desire to take excessive advantage of the privileges (mentioning here the fact they had paid only one dividend, and the great lengths taken to pay off debts from the first incarnation), they took this decision as a good faith affirmation of their legality. The second argument focused on the relationship between the bank and the Legislature in the past three years. The Granville Alexandrian Society had been listed in a number of government documents involving banking capital in the state. The tax on the October 15, 1838, dividend was accepted (the receipt for \$156.70 dated October 19 and signed by the Auditor of State was introduced as evidence) and subsequently spent by the state (through the Common School Fund Act, passed March 18, 1839). A bill to repeal the Society's charter was defeated on March 11, 1839. Taken together, these facts were, in the eyes of the defense, a *de facto* acknowledgement of the legality of the bank. Despite agreeing that the charter would never be construed as sufficient if written in the late 1830s, the court sided with the bank. Along with agreeing that the Van Buskirk precedent was binding, they noted that closing the bank would have a serious negative effect on the community. The motion was dismissed.

About a year later, the state legislature took its own chances against the Granville bank. By this time, the Auditor had begun refusing taxes from the Granville bank. Another bill had been introduced in the legislature to rescind the charter, but failed. Finally, at the behest of the state legislature *State of Ohio v. Granville Alexandrian Society* was filed in August 1840, eventually being heard by the Ohio Supreme Court in the December 1841 term. The two sides' arguments were not significantly different from those in *Parker* – the lack of explicit mention of banking in the charter, versus precedent and acceptance of taxes in the past. This time, the Court was less impressed with the defense's arguments. They decided that the precedent was not binding – only three of the four Justices had heard Van Buskirk, and it was likely a split vote, hence a clear majority of the Justices could not be assumed. Although no law existed in 1807 restricting banking operations, it was ruled that the right to do so attached to individuals, not corporations. The tax issue was not considered conclusive, either. The fact that the state had accepted tax payments, had not sought to amend or clarify its charter through legislation, and had even borrowed money from the bank through agents for public works, were not considered to weigh on the question of legality in the eyes of the court. The *Quo Warranto* law, however, only applied to firms that had begun the alleged activities less than twenty years before filing, unless the filing was made in the first two years after passage. The Court felt that as the Granville Bank had begun banking activities in 1815, the law could not be applied in this case. Arguments by the state that the *Parker* case constituted a filing despite its dismissal, and that this action was a continuation of *Parker*, were both rejected. The case was continued, and remanded to Licking County court, with leave for both parties to amend their pleadings. There is no evidence this actually happened, as the bank was in receivership less than two months later.

Epilogue

After the second failure of the Granville Bank, many of the major players left the area. Alfred Avery moved to New York in 1843 at the behest of his new wife. A.J. Smith moved on to Newark, where he began an exchange office and eventually became an officer in the First National Bank of Newark. Periander W. Taylor passed away in 1844.

As for John Hough James, his banking empire did not survive Granville's closing. The Urbana Banking Company closed less than a week later as part of a series of closings that also claimed banks in Cleveland, Hamilton, Chillicothe and Lancaster. He eventually paid off all of his outstanding debts — correspondence exists from the mid-1850s in which he is trying to settle financial matters, made more difficult by the passing of some of those involved.

The bank itself continued to function on a very limited basis, primarily collecting on loans and paying creditors. A letter from Smith dated February 25

Unsigned banknotes found their way into the local druggist's hands where they were used as packaging, and stories exist of soldiers taking them south during the Civil War and passing them at face value to unsuspecting locals.

states that “[o]ur notes pass at par in this county for any property or other assets (except money) our debtors have on hand,” implying that Granville notes may still have functioned as a medium of exchange in some limited form. Unsigned banknotes found their way into the local druggist's hands where they were used as packaging, and stories exist of soldiers taking them south during the Civil War and passing them at face value to unsuspecting locals.

Much as was the case after the first closing, officers were elected each year in order to maintain the company charter, and brief minutes were taken of each annual meeting. The last of these notations is dated March 5, 1861:

“At an annual meeting of the Granville Alexandrian Society for the election of Directors held at the Banking House in Granville Ohio on the First Tuesday (fifth day) of March 1861 John H. James, Jr. was appointed President and William Niles was chosen clerk. Whereupon the stockholders present & by proxy proceeded to vote & upon counting the votes cast by those present & by proxy it was found & declared that John H. James, E. Glenn & N.T. Niles were elected directors of said society for one year from the date or until the First Tuesday of March 1862. Whereupon the meeting adjourned.”

Granville banknote issues First incarnation

Little is known about the banknotes issued by the Granville Alexandrian Society from 1815-17. The surviving ledger has entries for banknotes being issued, but only beginning in late 1816. From this we know that the bank issued notes in one-, five-, ten- and twenty-dollar denominations, in two different sheet configura-



Figures 4 and 5: Notes from the first incarnation of the Bank, signed by R. Roach and A. Holmes. Only two others from this era are known to survive, both \$1 notes.

tions, 1-1-5-10 and 1-1-5-20. Four notes are known to survive, three \$1 notes and a single \$10 note. The uniface design is primitive, with an eagle with wings spread as the central image, and the bank seal below. It is assumed that the five- and twenty-dollar notes have similar designs, and that there was only one design for each denomination, but we have no descriptions of the notes beyond the actual survivors. They were printed by Richard and C.P. Harrison, and a payment to them of \$285 is noted in the ledger. In addition, small "tickets" were issued in 12½-, 25-, and 50-cent denominations. No surviving examples of these are known, nor have any descriptions been found. From similar notes issued by other banks of the time, we can assume these were smaller, consisting almost entirely of text on their face.

Second incarnation Small denominations

The bank issued \$1, \$2, and \$3 notes, printed by Rawdon, Wright & Hatch in sheets of four notes (arranged 1-1-2-3). These were used throughout the second incarnation of the bank, although denominations below \$5 were outlawed off and on as the Democrats and Whigs exchanged control of the state legislature. The first law against small denomination outlawed anything below \$3 on July 4, 1836, and below \$5 one year later. It is likely for this reason that Hammond and Roop signed 10,000 sheets worth of \$1 and \$2 notes, but 10,500 sheets worth of \$3 notes – the extra represents the period of time when \$3 notes were the smallest legal denomination.

A.J. Smith noted that a new printing from this plate arrived January 4, 1839, and mentioned in a letter dated March 7, 1841 that the plate should be sent to Cincinnati for retouching.



Middle denominations

The workhorses of the Granville currency were the \$5 and \$10 denominations, and three different printings of each were undertaken. The \$5 note engraved by Rawdon, Wright and Hatch was the most heavily used, and issued under both Roop's and Taylor's presidencies. Featuring the Greek goddess Ceres, it looked very similar to the small denominations. A \$10 featuring Vulcan, Prosperina and Mercury was also used heavily, also engraved by Rawdon, Wright and Hatch. Delafield's report to James shows that exactly three times as many \$5 notes had been printed as \$10 notes by that time, which would suggest the plate was arranged 5-5-5-10. However, A.J. Smith mentions a steel plate for \$5 notes in a May 24, 1839, letter, stating that a "large" supply was on hand. It is possible the plate Smith refers to was actually 5-5-5-10, or a new steel plate was commissioned.

Two other sets of designs were prepared for these denominations, although the notes printed from them seem to have seen considerably less use. In May of 1837, a contract was signed with Woodruff & Mason for a plate containing \$5 and \$10 notes, likely arranged 5-5-5-10. A total of \$100,000 was printed off of this plate in June. At some point, another plate was ordered from Underwood, Spencer, Bald & Hufty consisting of three different \$5 designs and a \$10 note. Proofs survive from this plate, but notes printed for circulation are only known from one of the \$5 designs, with a central vignette of a boy and his hunting dog, and no circulating \$10 notes from this plate are known to exist. Some of these notes were likely those payable in Cincinnati; we know Roop asked some of the Woodruff & Mason notes be made payable in Buffalo, but the USB&H notes have a blank in the text designed for the location of payment to be filled in.

Higher Denominations

No notes higher than \$10 are listed as being issued under Hammond and Roop, but \$20, \$50 and \$100 notes were issued by Smith and Taylor. The higher two denominations were on a two-note plate, engraved by Rawdon, Wright and Hatch that arrived on January 4, 1839. Whether these notes circulated is unknown; the only mentions of them in bank papers are the receipt of the plate and printing, and a request from James to send some to Urbana. Very few of either denomination survive; the only known example of the \$100 note resides in the Granville Historical Society.

The \$20 note is more of a mystery. We know that they were issued by Taylor and Smith, and were printed by Rawdon, Wright and Hatch. Beyond this, however, little is known. They may have been part of the plate that created the \$10 notes, although this would not explain why Hammond and Roop did not issue this denomination. It is possible that they were printed in sheets combined with post

Figure 6: A \$5 note dated July 4, 1836 and signed by Henry Roop as President. Likely part of the loan made to Benjamin Rathbun.



Figure 7: A \$100 note, the only known survivor from this highest denomination used by the Granville Bank, part of the Granville Historical Society collection.

notes, with denominations to be filled in, as these were also Rawdon, Wright and Hatch products, and are also orphans at this point. However, a letter dated December 18, 1841, states that the directors were “thinking strongly” of issuing post notes, implying that they had not done so at that time (and statements to the Bank Commissioners support this conclusion).

Acknowledgments

The author wishes to thank the Urbana Historical Society, the Ohio Historical Society, the Miami University Library, and especially Theresa Overholser and the rest of the staff at the Granville Historical Society.

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**2011, SPMC's 50th anniversary year,
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The President's Column



Dear Fellow Lovers of All Things Fiscal in Paper:

I have no idea how many of the Society's membership read my column, but if you who hold this magazine read only one of the columns written and to be written during my tenure, please let this be it. Please. For three reasons that I hope to make clear before the end.

The substance of this month's column has been a while coming but is written with enormous gratification. A little over a year ago, spurred by an inspired and challenging e-mail by Governor Shawn Hewitt, your Board carefully discussed and approved a recommendation to completely revise the Society's website, www.spmc.org. This was not a "makeover" intended to bring the existing offering up to date, re-decorate the landscape, add a bell or a whistle or even incorporate some new layer of technology into the existing site. This was a new departure point, a recognition that our world and our hobby have been irretrievably impacted by technology, and that the Society's future lies in embracing that as a fact of life, and that the time had come to start with a fresh piece of paper, think about that new world, think about our fellow members, their wants and needs, and build something of lasting value to the membership.

This is by no means to denigrate the predecessor site. The SPMC's first website, for which we owe a great deal to Wendell Wolka and Bob Schreiner, has been an intelligent, useful, informative outpost in the cyber world, and has been highly serviceable for a surprisingly long time, given the rate of decay in the world of web offerings. But it was time.

Because we have progressive thinkers like Shawn and VP Pierre Fricke on the Board, whose heads think and live in more techno-intellectual worlds than most of us inhabit, but who have pragmatic, can-do orientations to the real world, as well as a positive and practical technologist in Governor Wolka, we have a new and dramatically different web experience to offer our members. The process leading to the launch was, like the manufacture of sausage, not always pretty to watch. But behind the scenes, virtually all of calendar 2011 has seen a steady and judicious approach to making the site happen in a way that was ever-mindful of the fact that we were spending our members' money...your money. As such, the year included a presentation to the Board of the initiative and getting their approval to proceed in principle before we spent dime one, with the express understanding that we

would return to the Board for further approval once we had identified a suitable vendor, had a list of concrete deliverables and a vendor specific budget, again before we spent dime one. We thoughtfully constructed a RFP, conducted careful search for an affordable and demonstrably reliable vendor [not easy qualities to find in one firm], returned to the Board as promised for the approval of the vendor and the amount required to accomplish the work. This was followed by patient project management, involving a significant number of the working team's hours to ensure that both the spending and the project were proceeding as they should be, and it must be said, a just plain enormous personal commitment of time on the part of Shawn Hewitt, who really kept the focus on the project, and never let his patient resolve flag.

This does not mean that the new site is perfectly polished. It is up and working, fulfilling the vast majority of the unquestionably ambitious promise on our "wish list." As with any such project, we have a "punch list" of identified issues actively being worked down, many of which will disappear by the time this reaches publication. As additional glitches inevitably surface, they will be added and addressed. As will be additional refinements over time.

So the first message I wish to send in this column is to thank and congratulate the hardworking team of Messrs. Hewitt, Fricke and Wolka for what they have resolutely and patiently labored for the past year to bring to the membership. While your Board and your correspondent have been supportive of their effort, the working team they constitute deserve admiration, accolades and thanks beyond words.

The second message I want to convey is a simple one. Go to the new site. Play at the new site. Use the new site. Tell us what you like and dislike or find problematical. But go to the new site and use it. It would take several columns for me to lay out the key new features and functionality the site provides. But that is not necessary, because the site has a design which is remarkably visitor or member-friendly. Visitors to the site will immediately discover the ability to learn a great deal about our hobby and become a member. Members will immediately discover that after log-in, there is a great deal of membership content – the ability to renew membership [at the site via your credit card], browse the magazine, access library resources, advertise, and the like.

Thirdly and lastly, allow me to revisit a topic bemoaned here before. As a collector, I have always felt remarkably lucky to be able to take the time and afford the travel to paper money shows and conventions, and for as long as I have been involved with the SPMC as an officer, have found myself frustrated by the limited number of benefits we can provide to the vast majority of our mem-

bers. It is true, we [actually, primarily our fine Editor Fred Reed] provide an absolutely top-flight journal. We have unstintingly supported *Paper Money* as the principal benefit of membership in the SPMC, and please do not think for a second that we have any plans to change that in the slightest. But we now have, thanks to technology, the opportunity, to “bring the mountain to Mohammed.” Less euphemistically, the tools incorporated in the new website allow you, our members, to interact with the paper money community in a fashion which is significantly easier, allows for lower cost communication, provides more rapid exchange of ideas and gives access, potentially, to our entire membership. In particular, please feel loudly and strongly encouraged to come forward if you have interest in blogging or moderating or participating in the fora. You may have noticed that the November/December issue had a full page solicitation (repeated on page 137) for members interested in a variety of areas in the hobby, and we received a healthy response to this, as evidenced by the activity at the site. But someone once said, “more

hands make for less work.” In this case, “more hands make for more content,” and therefore a better Society. So, please, please, come forward and let us know what you are interested in or thinking about, and we will do our best to accommodate. For those feeling the slightest bit inhibited or intimidated, I can only tell you that every process has been made very simple.

In sum, the work that has gone on over the last year is renewed evidence that this is your society. The tireless and hard work that has gone into this project over the last year has been done lovingly and caringly in support of the Society and in the continuing belief in the relevance of its mission. However, the “expanded social universe” which has been created for us is like the concept of democracy – it will only benefit us as a group if we actively participate in making it interesting, constructive and fun. This is truly “your tool,” so please visit www.spmc.org, explore it, use it, and let us know if and how we can make it more fruitful for you.

Mark



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Paper Money will accept classified advertising on a basis of 15¢ per word (minimum charge of \$3.75). Commercial word ads are now allowed. Word count: Name and address count as five words. All other words and abbreviations, figure combinations and initials count as separate words. No checking copies. 10% discount for four or more insertions of the same copy. Authors are also offered a free three-line classified ad in recognition of their contribution to the Society. These ads are denoted by (A) and are run on a space available basis. **Special: Three line ad for six issues = only \$20.50!**

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WANTED: 1/0 BINARY SMALL-SIZE NOTES. All possible combinations of 1's and 0's in 8-digit serial numbers. Doug Merenda, 215 W. Troy St. #1009, Ferndale, MI 48220. ddm_50@yahoo.com (278)

WANTED: charters #769 Whitinsville, Mass., #1022 Uxbridge, Mass.; #1385 Tolland, Conn.; national bank notes and obsolete currency contact: Terry Jackson, P.O. Box 783, Tolland, CT 06084-0783 email: Terry.Jackson@comcast.com (284)

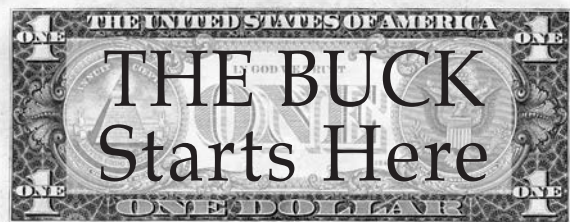
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FRACTIONAL CURRENCY FOR SALE OR TRADE -- Email for list. aflor@wacoal-america.com (278)





A Primer for Collectors BY GENE HESSLER

Commerce & Labor signified on U.S. notes

“THE DEPARTMENT OF COMMERCE AND Labor was established more than 100 years ago. Ten years later the department was divided into two separate agencies. Engraved images of *Commerce* and *Labor* were often used to adorn stock certificates in the 19th and 20th centuries. These images can also be found on paper money.

The two subjects together can be found on the back of the Series 1914 \$100 Federal Reserve Notes, such as the one shown here. The images from left to right are *Labor*, *Plenty*, *America*, *Peace* and *Commerce*; the design is the work of Kenyon Cox (1856-1919). G.F.C. Smillie (1854-1924) engraved these five figures.

Kenyon Cox, an artist and muralist, was born in Warren Ohio and studied in Cincinnati and other locations including the Ecole des Beaux-Arts in Paris. This artist, along with E.H. Blashfield (1848-1936), Will H. Low (1853-1932), Walter Shirlaw (1838-1908) decorated the Manufacturers and Liberal Arts Buildings at the Columbia World's Exposition and numerous libraries and buildings in the United States. Allyn Cox (1896-1982), son of Kenyon, who was also an artist posed for the face of *Commerce*.

The back of the \$100 Federal Reserve note was intended as a uniform back for the first small-size notes. Small-size notes for the U.S. were conceived in 1913, however, World War I, among other things, delayed their issuance for 15 years. I met Allyn Cox just before his death and he told me about the influences on his father's work.

These and the circumstance that surround the first small-size notes are too lengthy to include here. (See *Paper Money* whole No. 234.)

Science Presenting Steam and Electricity to Industry and Commerce adorns the face of the Series of 1896 Silver Certificates. This denomination along with a \$1 and \$5 note made up the educational series; a \$10 note was prepared but not issued. Charles Schlecht (1843-1932) and G.F.C. Smillie engraved the figures.

The \$2 denomination was originally conceived as a \$50 note. Edwin H. Blashfield, the designer, was extremely unhappy when the Bureau of Engraving and Printing (BEP) changed the denomination. Additional design elements that surround the figures are the work of designer Thomas F. Morris (1852-1898). When this note was prepared, Morris headed the Design Division at the BEP and Smillie was Chief of Engraving. Roso Marston, a teenage actress, posed for the figure of *Industry*, on the left, and some of the other figures.

Once again, for those of us who cannot afford the popular educational notes, uniface images are the subjects of BEP engraved souvenir cards. On the secondary market the \$1, \$2, \$5 and unissued \$10 can be purchased for about \$20 each.

The head of *Commerce* on the \$2 note was used on the \$10 military payment certificate Series 641 and 651.



Although this and other military payment certificates were lithographed, the head of *Commerce* on this \$10 note was engraved by Marcus W. Baldwin (1853-1925). In nice condition these notes are moderately expensive. I can think of at least four other instances where the head of a figure on a federal note was “borrowed” and used on another.

The aforementioned educational notes circulated for only a few years. As beautiful as they are, 19th century banker's said the notes were too dark and over-engraved. Portions of the notes were re-engraved for issuance as Series 1897, nevertheless these were not issued. It was Mr. Baldwin who engraved portions of the revised designs.

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Coin World December 22, 2003



Small Notes

by Jamie Yakes

\$1 U.S. Notes -- 1928 or 1933?

THE SERIES OF 1928 \$1 UNITED STATES NOTES offer insight into how the Treasury conceptualized series dates in the early days of small-size currency. This insight also explains why these notes correctly had a Series of 1928 date.

The Treasury restricted the overlap of denominations among the different classes when they introduced small-size notes in 1929. This minimized the sorting of worn notes by class during the redemption process.

The types originally issued included Series of 1928 \$1 Silver Certificates, \$2 and \$5 United States Notes, \$5 to \$10,000 Federal Reserve Notes, and \$10 to \$10,000 Gold Certificates. If the Treasury mated a new class and denomination, regardless of when, they started at Series of 1928.

Fast forward to the early months of 1933. The Treasury was expecting a shortage in its supply of \$1 Silver Certificates for the forthcoming months. The devastating possibility existed that Treasury would not be able to meet public demands for that denomination.

The Treasury had limited flexibility in expanding the supply of \$1 notes. The laws that authorized Federal Reserve Notes and Federal Reserve Bank Notes never provided for that denomination. The Treasury's only recourse under then-current laws was to print \$1 United States Notes. The Treasury approved that move in March, and the Bureau of Engraving and Printing immediately commenced producing the notes. BEP made its first deliveries in April.

The notes carried a 1928 date instead of 1933. For why, we turn to then-Public Debt Commissioner William Broughton. His office, the Bureau of the Public Debt, ensured the Treasury's actions complied with the underlying laws.

When considering models of \$10 and \$20 United States Notes in August 1932 (the notes never issued), he commented: "The issuable denominations of [small-sized notes] were fixed so as to avoid overlapping . . . but it was always intended that additional denominations would be provided from time to time as required. [These] denomi-

nations for United States Notes are part of a plan not heretofore executed and I think that the proper designation is 'Series of 1928'" (Broughton, 1932).

Neither the \$10 nor \$20 denomination, and later the \$1 note, had previously been issued as United States Notes. Being the first of their kinds, the Treasury appropriately assigned each of them the Series of 1928.

Furthermore, the \$1 notes circulated under the same legal tender acts as the \$2 and \$5 notes already in circulation. Had the Treasury used a 1933 date, it would have implied a legal difference about them.



As it turned out, the expected shortage of \$1 Silver Certificates never materialized, and the Treasury no longer had any need for the \$1 United States Notes. To avoid having to sort them from Silver Certificates Treasury placed them into vault storage until it could decide what to do with them.

Finally, fifteen years later, in 1948 and 1949, it dumped the notes in Puerto Rico. That tale, however, is saved for another time.

Acknowledgments

The Professional Currency Dealers Association supported this research. Peter Huntoon reviewed the manuscript and made suggestions for improvement. Logan Talks provided the photo.

References

Broughton, W. S., Commissioner of the Public Debt, August 8, 1932 letter to A. Ballantine, Under-Secretary of the Treasury, regarding new United States Notes in 1932: Record Group 53, Bureau of Public Debt, Series K Currency, Box 12, File K721. National Archives and Records Administration, College Park, Maryland. ❖

SPMC Board clarifies Society's Awards Program

AT THE MOST RECENT MEMPHIS INTERNATIONAL Paper Money Show, the SPMC Board clarified the Society's Awards Program.

Program purpose

SPMC recognizes its members as being the lifeblood of the organization. The society values the hard work and extra effort that its members do to make the SPMC an exemplary organization. The society rewards members for their contributions through its awards program. The awards program is designed for the purpose of publicly recognizing these individuals/groups in the areas of service, literary achievements and exhibiting.

Nathan Gold Memorial Award

SPMC's highest award. Given yearly to an individual who has made a continuing contribution to the collecting of paper money and to the SPMC over a period of years. Specifically would entail long-term contributions to the society.

Nominations requested from membership in Jan/Feb *Paper Money* and from the board. Nominations from both groups detailed and sent to board for voting. Henceforth, there will be no repeat winners.

Founders Award

Given yearly to an individual who has done a major service to the SPMC during the last calendar year. Usually would not entail long-term contributions or contributions (projects) lasting more than 3 years to the society.

Nominations requested from membership in Jan/Feb *Paper Money* and from the board. Nominations from both groups detailed and sent to board for voting.

Given based on merit. No requirement to award yearly. Given for recent service/projects that benefit the society.

President's Award

Given to an individual, club or group that has done a major service to the SPMC. The criteria is developed by each individual president and the awardees are determined solely by him/her.

Given at major conventions/meetings and at the annual meeting venue (IPMS).

Nathan Goldstein Award

Given yearly to the individual who has recruited the most new members during the past year.

Winner is selected by the membership director based on new member sign-ups. Awarded annually.

Major change is felt to be needed due to some companies having a perceived unfair advantage as they offer a free membership with the purchase of their services. These new members often times do not renew after their complimentary year.

Therefore a Member Retention Award will be given every three years to the member who has recruited the most new members who have remained members of the SPMC for three years.

Data refreshes after the award is given so that only a three-year period is used for the award purposes.

Forrest Daniel Award for Literary Excellence

Given yearly to an individual in recognition for exceptional literary achievements, including, but not limited to long time authors in *Paper Money*, multiple book authors, multiple hobby publication columnists, hobby publication officials (editors, etc.).

Nominations requested from membership in Jan/Feb *Paper Money* and from the board. Nominations from both groups detailed and sent to board for voting.

Given based on merit. No requirement to award yearly.

Wisner Award

Given yearly to the author(s) of a new book related to paper money, stocks, bonds, etc.

Nominations requested from membership in Jan/Feb *Paper Money* and from the board. Nominations from both groups detailed and sent to board for voting.

Given yearly.

Updates to previous books not eligible unless content extensively changed, updated or added.

May give up to two runners up awards based on same criteria and to be titled Literary Award of Merit.

George M. Wait Memorial Award

Given yearly for paper money research relating to a book-length publication. It is available annually to assist researchers engaged in important research leading to publication of book-length works in the paper money field.

Applications from interested individuals requested from membership in Nov/Dec *Paper Money*. Editor receives applications and chooses winner. All applications and editor's choice sent to awards committee for final approval.

Dr. Glenn Jackson Award

Given yearly to the author of the best article published in *Paper Money* or elsewhere related to the use of vignettes, proofs, specimens.

List of articles will be compiled by the Editor in March and sent to award chair compilation and then forwarded to the board by April 1 for voting.

Given based on merit. No requirement to award yearly.

Literary (article) Awards

Given yearly to authors of the best article published in PM. Categories will be

- Federal
- Foreign
- Nationals
- Obsolete
- Confederate
- Miscellaneous (general banking, finance, etc. which do not fit above)

List of articles will be compiled by the Editor in March

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SPMC Board clarifies Society's Awards Program continued

and sent to award chair compilation and then forwarded to the board by April 1 for voting.

Best of category and honorable mention in each category will be awarded if at least five articles in that category are eligible. If four or fewer articles in any category are eligible, only the Best of category award will be awarded.

If all articles in any category fail to meet the standards of the award, no award in that category will be awarded.

Exhibit Awards

Stephen R. Taylor Best-in-Show Exhibit Award is given for the best exhibit at the IPMS.

Three judges from the board who are not exhibiting will be the panel. They will judge all exhibits based on their own subjective criteria.

Will also award two honorable mention awards.

Julian Blanchard Memorial Exhibit Award

Awarded for the best exhibit at the IPMS that best typifies the relationship between proofs, specimens, essays, and bank notes and other syngraphic items.

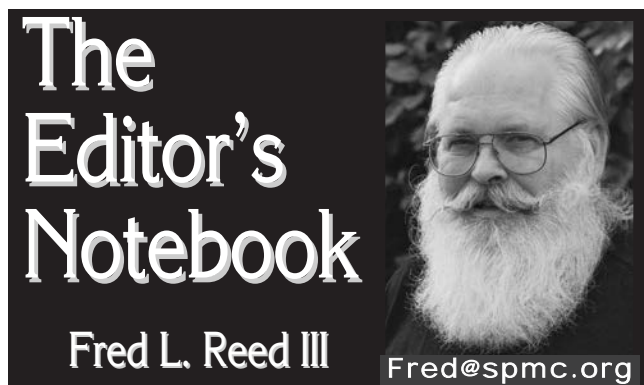
Three judges from the board who are not exhibiting will be the panel. They will judge all exhibits based on their own subjective criteria.

Awards of Merit

Given at the discretion of the Board for exemplary service or for other purposes.

Honorary Life Memberships

Awarded by criteria established by the Board of Directors at the time of the award. ♦



Sometimes the bear eats you...

I FEEL THAT I MAY HAVE CREATED A MONSTER. When several months ago I solicited an op-ed writer to "share" MY "Back Page" space. As you may recall, six SPMC members volunteered after a second call went out for a replacement for Steve Whitfield, my longtime running mate.

Of the six, however, only Messrs. Davenport and Herbert actually followed through and submitted a sample of their work. They were good efforts, and now every two months they keep coming back. Heck one of these young fellows even sends in his columns way ahead of time, so eager is he to share his views on the hobby.

Now that the keg has been tapped, I can't turn the spigot off. They keep coming and coming and coming like the inexorable crowd that Butch and Sundance could not shake no matter how hard they tried.

The upside for the journal and the memberships is we've now doubled our pleasure and doubled our fun. I enjoy both columns, and bet you do too. I don't want anything written here construed as voicing any displeasure over their work nor their eagerness. I genuinely believe that these two younger fellows will go on to many successes in this field and anything they choose to pursue.

But I can't help feeling like I've been eaten by the bear. I've been exiled off "my space" in each issue ... the

small parcel that I always cherished as my "home base."

Many years ago veteran numismatic writer and *bon vivant* Dave Bowers suggested that I move my then fledgling "The Editor's Notebook" from the trunk of the publication to the front seat, where we are used to seeing an editor's spiel. Dave said it was more prominent and would be seen better up there.

While I often take Mr. Bowers seasoned and excellent suggestions to heart that just wasn't my style. I never read most editor's blurbs up front. I feel they waste their space and my time trying to interest me in the rest of the periodical ... let's just get on with it. I don't order appetizers at a restaurant ... I come with my appetite in place, thank you, or I go to the hardware store or the library instead.

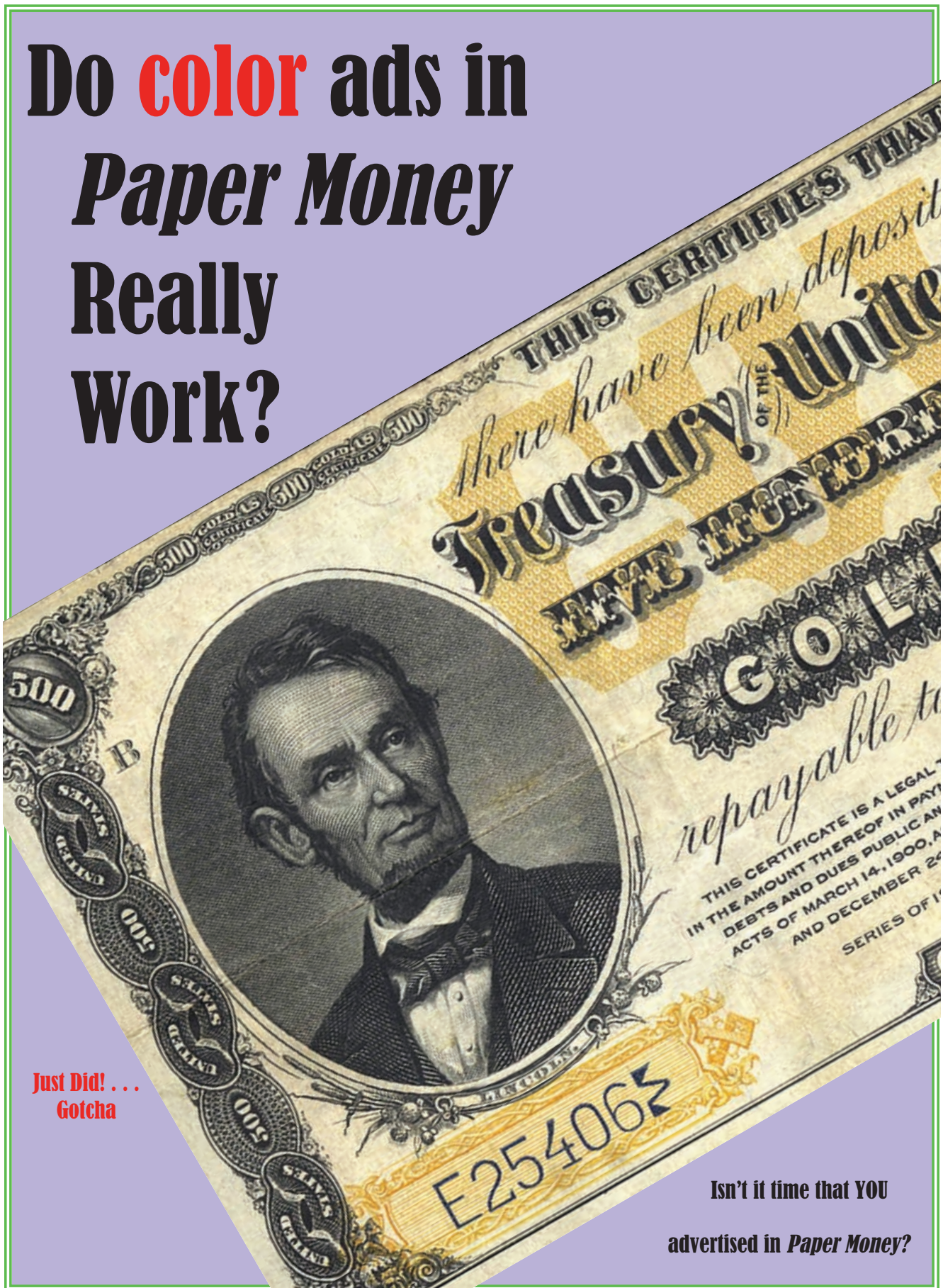
In the last ten years my "The Editor's Notebook" has seldom hyped anything in the magazine, which seems to be the purpose of these other out-front editors' blurbs. As readers who have read my column (I hold out hopes that there are a few) know, I often don't address anything specific in the magazine at all. I figure by the time a reader worked his/her way to the rump end of the affair, he/she already has a pretty good idea what's hot and what's not without my help ... let the content speak for itself.

So if I don't see my job as apple-polishing, and refuse to do it ... why write an Editor's column at all? And who cares where it falls? The answer to the first question is a big "howdy do." This is a member's journal. I keep open its pages to whatever the members have on their minds. But, I've been a member for more than 35 years, too. And I just happen to have proximity on my side.

So I just plain think that "The Editor's Notebook" should appear in a regular position issue after issue and not stray like a drunken sailor nor hop around like a frenzied hare.

So I have thunk and thunk the matter over and decided that now I'm looking for yet another running mate to write a regular half-page column opposite mine. We'll carve out another regular space in this magazine, and homestead it. How about those other four fellas or any others? Let's eat this darn bear. ♦

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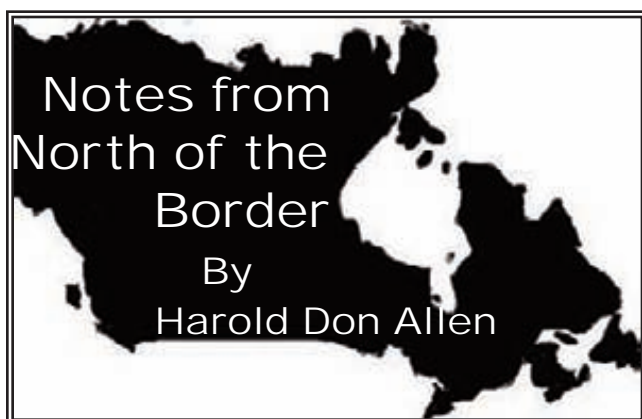


**Just Did! . . .
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**Isn't it time that YOU
advertised in *Paper Money*?**

Canadian Issues, Old and New, Appeal to Varied Interests

TWENTY YEARS AGO OR THEREABOUTS, WORK HAD TAKEN ME to a four-year stint in a surely unique collecting locale for Canadian folding money. A particularly attractive Bank of Montreal branch by the bustling (if venerable) Ring Road in Iqaluit (Frobisher Bay), capital-to-be of Canada's proposed Nunavut territory, regularly stocked three currencies, I was soon to learn. The improbable trio: Bank of Canada dollars, in then-current \$2 through \$100 denominations, United States dollars, and Danish kroner.



Down and across the Ring Road you found the genial competition, the Royal Bank of Canada, Iqaluit branch. For Baffin Island, the world's fifth largest island, these two Iqaluit outlets were supplemented by banking-by-mail, direct deposits, and credit card operations ... plus the undoubted resourcefulness of Northern Stores (successors to the Bay, Hudson's Bay Company northern operations), and local Inuit cooperatives.

An air age of modern jets – Yellowknife-Rankin Inlet-Iqaluit, Ottawa-Iqaluit, Montreal-Kuujuaq-Iqaluit, representatively, along with turbo-props, Twin Otters, and a surviving DC-3, provided the rationale for bank customers seeking Danish kroner. The next stop for some jets from the south, or a short hop for an Iqaluit-based

turbo-prop, would be Greenland. To the east of Davis Strait and Baffin Bay, Denmark's kroner had been, and remains, the folding money of the land. (Denmark had not been, and remains not a Euro country.)

One mini-collection of Canadian paper money that continues to fascinate me was assembled when duties involved stays in bankless remote communities, and comprises hand-picked \$2 notes (the then lowest denomination), bills which, through extended honest circulation, had been worn virtually to oblivion. Shipping cash can be costly, and Arctic bank branches and business operations have had little incentive to bring in and substitute new notes for old, bankers had informed me. Hence, my storied grouping of impossibly worn Arctic low values!

In due course, however, one might chance upon still other locations and individuals of numismatic interest. Pangnirtung, a Baffin Island hamlet with the most striking setting that I got to see in the Eastern Arctic, has a museum with intriguing holdings of Hudson's Bay tokens, pieces once used in trade or for instructing in monetary principles. In this context, Pang's Old Blubber Station has been pictured, with the hamlet not identified, in a recent article in *The Numismatist* (March 2011, p. 47). Even more surprising to me was having had a senior businessman take me through his secure warehouse to view, alongside Inuit prints, carvings, and such memorabilia for sale, his ultrahigh "bank legal" specimen currency. Such Dominion of Canada arch-rarities, denominated in the thousands of dollars, had been intended for, and restricted to, settling accounts between Canadian banks. "Specimens," yes – such ornate, oversize bills never reached the public, and no issued notes survive. When sold upon their owner's death some years ago, this gathering of framed super-values made headlines in the kinds of papers that collectors may read.

Our Eastern Arctic references serve to introduce a distinctly different

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Q. DAVID BOWERS and DAVID M. SUNDMAN are involved in a long-term project to describe the history of all currency issued in the State of New Hampshire, as well as to compile a detailed registry of all known notes (whether for sale or not). Our area of interest ranges from issues of The Province of New Hampshire, The Colony of New Hampshire, the State of New Hampshire (1709-1780), issues of the New Hampshire state-chartered banks (1792-1866), and National Bank Notes issued by New Hampshire banks (1863-1935). This will result in a book under the imprimatur of the Society of Paper Money Collectors, with help from the New Hampshire Historical Society, the Smithsonian Institution, and others.

Apart from the above, David M. Sundman is President of Littleton Coin Company, and Q. David Bowers is Co-Chairman of Stack's Rare Coins. For other commercial transactions and business, contact them at their firms directly.



The authors of the present book, holding a rare Series of 1902 \$10 National Bank Note from West Derry, New Hampshire.



Seeking currency, images, and collateral

New Hampshire Colonial Note: Thirty Shillings, November 3, 1775

\$1 Ashuelot Bank of Keene, NH, 1862



Series of 1902 \$5 Plain Back from the Indian Head National Bank of Nashua

If you have New Hampshire currency, old records, photographic images or correspondence relating to the same, or other items of historical interest, please contact us at the address below, or send us an e-mail at info@nhcurrency.com. Both of us are avid collectors and welcome offers of items for sale. We will pay strong prices for items we need.

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Canada, and to underscore the theme of Canada's new polymer \$50, as previewed in central bank brochures. The new \$50, which does look interesting, is scheduled to be "launched" in March 2012, and should rapidly replace survivors from six earlier issues of Bank of Canada legal tender \$50 notes. The proposed new \$50 is to feature a line of Inuktitut syllabics – a first for Canada's currency – the row of exotic shapes actually representing syllables in the northern language for "Arctic."

Canada's far-northern banking scene, as here discussed, contrasts markedly with the "bank branch on every busy corner" southern phenomenon which greets Canada's visitors, and with which many of us grew up in, say, downtown Toronto or Montreal.

The next two years, we now understand, call for a total changeover to polymer in Canada's folding money – all five denominations. This, accompanied by immediate elimination and destruction of older paper issues, one denomination at a time.

How may this influence collectors and what and how they collect? I'd say it'll be a new ball game, but one essentially played to existing rules. Polymer series will extend former paper series, as is being seen with \$100s. Collectors will continue to seek premium condition, and any new prefixes, signatures, or dates, and will be alert for identified or conjectured replacements, error notes, or "special numbers." ... That is, we will collect much as we have been doing. Much such older material reposes in collections, casual holdings, and fairly massive dealer stocks. There should be a continuing trickle of such older issues, redeemable if not always readily spendable, over years, even decades, to come.

Should you really look back at things collectible, however, you encounter Province of Canada and Dominion of Canada legal tender (pre-1935), chartered bank releases (issue-dated as late as 1942 and 1943), Newfoundland government and bank issues (the most recent government notes 1920-dated). As well, you'll encounter "broken bank" bills; sundry corporate, municipal, and souvenir scrip; and quite a range of other fiscal material of national, regional, and local significance. Bank checks – government, corporate, individual – can be instructive to assemble, and have a distinct if somewhat limited following. Victory Bonds, War Savings Certificates, and stock certificates, bonds, bond coupons, and such, may feature good design, and portraiture, vignettes, tracery ... appealing to those attracted to fiscal paper as artistry or craftsmanship.

Canadian collecting interests have been broadening and otherwise developing over recent years, you strongly sense. In the folding-money context, this has to have implications for the dawning polymer interval. Collecting of Bank of Canada issues, especially the more recent and more accessible series and denominations, has been attempted with great attention to conjectured or demonstrated sheet layouts and press runs. Considered have been three-letter and other prefixes (indicative of sequence, security printer, and denomination); test and replacement issues; low, high, and other "interesting" numbers; and quite diverse, if unequally available, error notes.

Such collector efforts have progressed with little apparent drop in interest in releases of 10 to 20 years ago, or in the central bank's two initial series (1935- and 1937-dated), with their splendid allegorical art.

Still earlier are legal tender notes, Dominion of Canada (Department of Finance) folding money issue-dated 1870 (1866 as Province of Canada) through 1923, their release having been continued into early 1935. Such notes have been attractive, a number of the issues having featured portraiture of governors general at the conclusion of their terms of office. To many enthusiasts, this government paper money was regarded as an upward extension of bronze and silver regnal coinage, and indeed likenesses of royalty were to be found on several values. Such notes of \$1, \$2, and \$4 denominations experienced considerable wear, and can be especially expensive in higher grades. Often of interest to the beginning collector is the undersize Dominion of Canada 25 cents fractional (shinplaster), released in three attractive issues in 1870, 1900, and 1923. The third issue was numbered, with also a position

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Aug 1-11 2012	Stack's Bowers and Ponterio Official Auctions for the ANA World's Fair of Money Philadelphia, PA World Coins and Paper Money	May 14, 2012
Aug 20-22, 2012	Stack's Bowers and Ponterio Hong Kong Auction of Chinese and Asian Coins & Currency Hong Kong Chinese and Asian Coins & Currency	May 21, 2012
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Dominion of Canada, Department of Finance legal tender, an 1897-dated \$2 recognizing the fisheries and portraying the future King Edward VII as Prince of Wales. American Bank Note Company produced the note at its new Ottawa facility.

letter, from 10/on sheets, with signature and text varieties to multiply the potential challenges. Like-new fractionals may command a healthy premium, but well-worn 1923-notes, with all ten position letters equally common, often can be picked up for a couple of dollars.

Paper collectors may settle for type notes of \$1 and \$2 denominations, but signature varieties (earlier notes included a validating penned signature), seal colors, domiciling, series designations, and prefix and/or suffix letters may prove hard to locate, but tough to resist.

To which one adds Newfoundland – the traditional collector might well have done so. Now it's "Newfoundland and Labrador," Canada's tenth province, and a distinct numismatic challenge for its commercial tokens; its bronze, silver, and gold coinage; its releases of government notes; and the new but elusive issues of its early banks.

Canada has had a strong tradition of commercial banks of issue (federally "chartered banks") and of widely accepted circulating notes. Over the decades, such institutions tended to grow, merge, consolidate, until, by the Great Depression (which occasioned no Canadian bank failures), ten remained, several very large, all nationally and internationally respected. Failures did occur, several of them intimidating, but federal note insurance would cover any noteholder losses of the past century, and Canadian deposit insurance protects depositors in a manner comparable to that of the Federal Deposit Insurance Corporation of the United States. Notes of a troubled institution tended to be turned in with expediency, with few remaining for the would-be collector. Delay in the "winding up" could result in the fund paying interest. Paradoxically, notes of a failed bank sometimes could – and can – be cashed for more than face.

Canada's chartered banks and their unique, 12-decade contribution to circulating money, to me long has been an intriguing facet of the country's fiscal history. Some collectors of, say, 60 years ago would have agreed. A few outstanding collections were being assembled – painstakingly. The great majority of paper collectors, and even they were relatively few in number, stressed Bank of Canada first issues and Dominion of Canada classics, although accessible information on the latter material (seals, signatures, prefixes/suffixes) had remained somewhat sketchy at best.

Canada's chartered bank currency, a significant even dominant part of the paper money supply prior to World War II, would seem to have come into its own numismatically in the past 10–20 years, following two generations of relatively low prices and limited collector enthusiasm. Collectors did tend to look down on chartered. Why? Face value could have been high, even intimidating. Issues were more complex. Strictly speaking, such notes were not legal tender. "Legal tender" long implied gold, or paper redeemable in gold, or subsidiary coinage up to stipulated

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The Colonial Bank of Canada, Toronto, provides collectors with an early example of American Bank Note Company, New York City workmanship (also bearing Jocelyn, Draper imprint), in this uniface \$5 note, issued dated May 4th 1859. The vignette shows a farm family, lunching in the out-of-doors. The note is hand-numbered, and carries the penned signature of T. Hough, bank president. This value is common and inexpensive. Within months the bank had ceased operations.

Attractive engraving and overall designing, representative of its decade, are featured on this Mechanics Bank, Montreal, \$5 of 1872. The principal vignette depicts a farmer pumping water for his livestock, while the smaller engraving shows stone cutters. A relatively common broken bank note, Mechanics Bank having failed in 1879.

amounts (\$10 for silver, \$2 for nickel). In fact, I often talk to bank people, have for over 60 years, and I've never heard of chartered bank currency being turned down. But just try spending a Bank of Canada legal-tender \$50 in a snack bar or convenience store – a 50 or 100 with a slash through it, you may find posted by a cash register coast to coast. (For the record, Canada's olive green \$20, with Queen Elizabeth II portrait, rather than the \$50 or \$100, is reported as the most counterfeited of Canadian issues in recent years.)

Canada's chartered bank issues? Attractive, distinctly well produced ... but sheer numbers of issues become unwieldy. Collecting offers several possibilities: (i) by bank, say Canadian Bank of Commerce, popular for its outstanding note designs, or (ii) family of banks, say Royal Bank of Canada, with pre-1901 issues in the name of Merchants' Bank of Halifax, plus notes issues by Union Bank of Canada, The Quebec Bank, and other absorbed banks; or (iii) notes of a particular province, or region, or city; or (iv) notes deriving from a stipulated time interval (say pre-Confederation, the Edwardian decade, the Great Depression, or the initial Bank of Canada years).

Many collectors, realistically, accumulated what had been available or affordable, recognizing that the vignettes, portraiture, and other details of each issue, face and back, so often had a story to tell.

My own preferences included the small chartered, in my youth still available at face or else distinctly underpriced. A second area, even "further out," had been readily accessible notes of three Canadian chartered banks, distinctive issues for what bankers would refer to as "southern branches," notes denominated (or dual-denominated) in Sterling or in local dollars for British Guiana and for stipulated island colonies of the British West Indies. Now, the "beewee" dollar, in those days, traded at just over 60 cents Canadian. Few were the Canadian collectors interested in a \$5 bill worth a bit over 300 cents. Such notes, at this late date, are long obsolete though redeemable, and numismatically very much have come into their own.





Chartered bank notes, releases of the close to 100 note-issuing commercial banks of issue – or, more realistically, of the ten such banks that survived into the small-chartered era – clearly represent a tremendous field for the would-be collector. Numbers of issues in themselves can be formidable, and many issues are tough, expensive, or unknown in private hands. Those who enjoy challenge have their work cut out for them. Yet, new knowledge, even new note hoards, can still be found.

A further, somewhat overlapping, class of obsolete notes toward which collector attitude has greatly changed is “broken bank” currency. Issued notes, cancelled notes, remainder (unissued) notes ... mementoes of institutions whose paper money, at least at this date, cannot be redeemed. Some such issues did survive in significant quantities; others have been scarce, rare or unknown in private hands.

At one time, many or most such bills were inexpensive. I now find, with mixed feelings, sales lists which no longer explicitly distinguish between redeemable and irredeemable notes. References currently are accessible which should enable the potential buyer or seller to distinguish good from “broken” notes ... although the best of contemporary counterfeits or alterations can be scary, a separate consideration.

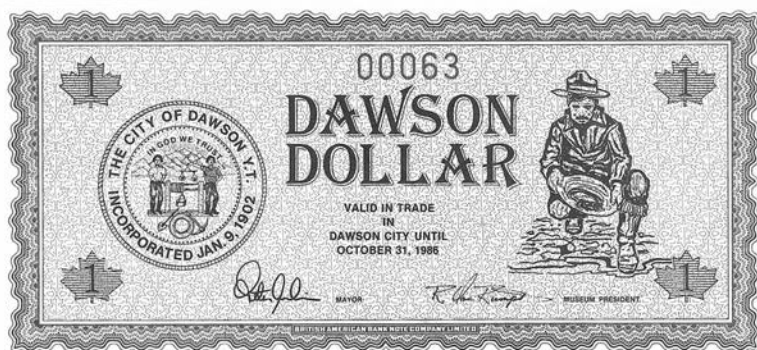
A sweeping overview of Canada’s bank currency over the decades indeed might be assembled, although scarcity and competitive demand (rather distinct concepts) could make for a lengthy and formidable task.

Government folding money, and its central-bank successor. Note issues of commercial “chartered” banks. A further source of such monetary paper is complex, and the notes difficult to classify. Many might reject it out of hand, but it does or can serve a range of monetary purposes, and even after its use is over, it can have a tale to tell. The material is scrip, paper scrip (as distinct from tokens and single use tickets). In the Canadian context, it comprises distinctly diverse issues produced by municipalities, institutions, businesses, and community groups ... to, typically, raise

A late-date but scarce Canadian large chartered, an issued example of the 1922-dated \$10 of Banque Nationale. Following mergers with Banque d’Hochelaga, Banque Provinciale, and several smaller banks, the Banque Nationale survives as Banque Nationale du Canada / National Bank of Canada, a foremost Canadian financial institution.

A Newfoundland classic, the Union Bank of Newfoundland \$5 of 1889, with nautical illustrations (sailing and steam vessels). Founded in 1854, the bank failed in disastrous economic conditions of 1894. The Newfoundland government paid, and still will pay, 80 cents on the dollar to holders of such a note.





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NON VALABLE SUR ALIMENTS ET TABAC

What Am I Supposed To Do With These?

A rudimentary study about disposing of a collection

by Henry Brasco

This is a rudimentary study about disposing of a collection once it has been received as a result of inheritance or when a spouse passes away and the survivor does not know what to do.

This is a subject that appears never to have been written about in coin magazines nor discussed at any coin club that I have been a member of during the past forty plus years.

Certainly it cannot be a forbidden subject.

Usually whenever a death occurs, sometimes a club member may mention that some coins may become available although no direct request for a sale has been made or an appraisal was heard about.

Therefore I offer this study in the hopes that more people will become aware of the problem and that coin clubs will host seminars to educate members and their families.

"I didn't worry about selling my parents coin collection, the dealers reputation was well deserved." — Jack C., Kansas City, Kansas.

Such a testimonial heads the advertisement to suggest that people should send their collections to them for appraisals and payout offers.

In a recent issue of a well known coin magazine there were twelve advertisements by dealers asking to buy coins. U.S., gold or silver, ancients, paper currency without regard to the size of the collections. Some dealers specialized in estates, or inheritances with all inclusive or "for consignment only." There were also numerous pages of classified ads by dealers and individuals selling coins.

In Fort Worth telephone books there were twelve listed coin shops and one stamp shop. In Dallas telephone books, there were eighteen coin shops and seven stamp shops.

During a recent visit to the Grapevine Coin Show at the Grapevine Convention Center, Grapevine, Texas, dealers were asked about the cost of appraisals and the consensus was 2 % of the estimated value or \$50.00 per hour. How much time it takes depends on the size of the collection. Maybe on-the-spot valuations, maybe a few hours, maybe a day.

But more often the response was "maybe if I have time."

"What is a person to do? What do I do now? What am I supposed to do with these? Should I give them to my son? To my daughter or son-in-law? To my grandchildren? Who gets what? How do I divide them? I wish we had talked about this!"

These are some of the questions we ask ourselves, or hear about.

People have coins for a number of reasons. Some buy coins as an investment. Others acquire coins and paper money as a hobby. Some people just end up with them by inheritance and for some, all these reasons may apply.

For some coins and paper money are not seen as an investment and they have no real interest in continuing to store or add to them.

Simply put, some owners may prefer cash money they can actually spend.

Now what do I do with them?

Who can I talk to about getting rid of them?

Estate sales are advertised in almost every newspaper, usually in classified ads. One can advertise anything from coins, stamps, guns, antiques, furniture, autos. Even mounted big game heads of lions and bears.

We can even take them to dealers looking to buy coins and jewelry in bulk and offering "top prices" only to hear later that all those memories were melted.

We can give them to a friend who may be a coin club member in the hopes that this person knows something about coins and could find buyers. And if you search the internet for "Coin Appraisals," you will find many advertisers included many pages of search results for appraisers, buyers and sellers.

After all the debating and worrying, the bottom line on selling a collection is what a willing buyer thinks the collection is worth. And for the seller, what we are willing to sell them just to get rid of them.

Or who knows, we may decide to keep them and become a collector ourselves.

With special thanks and appreciation to the Northeast Tarrant Coin Club, Bedford, Texas. Our club meets on the second Thursday of each month at 7:00 PM (CST) at the Mid-Cities Bible Church in Bedford, Texas. ♦

Mrs. R. Waverly Smith, National Bank President

By Karl Sanford Kabelac

JENNIE SEALY WAS BORN IN GALVESTON, TEXAS ON July 18, 1868, the older of two children. Her parents were John Sealy, a successful Galveston businessman and banker, and Rebecca (Davis) Sealy. They were natives of Pennsylvania. She was educated in Galveston and married R. Waverly Smith on September 29, 1896.

Mr. Smith, a native of Virginia, had come to Texas as a young man and attended the University of Texas, graduating with law training. He then moved to Galveston where he first practiced law before becoming the president of The First National Bank of Galveston in 1901.

This bank, chartered in 1865 (charter #1566), was the first national bank in the state of Texas. He served as president for almost three decades, dying at the couple's summer home in Glen Cove, Long Island on July 12, 1930, at the age of 64.

Mrs. Smith temporarily succeeded him as president of The First National Bank of Galveston. But at the next annual meeting of the bank, on January 16, 1931, she relinquished the presidency.

The *Galveston Daily News* reported that she was "of the opinion that it would be best to have as president of the bank a man who was able to devote his entire time to the business and for that reason desired the election of Mr. Catterall." Fred W. Catterall, who had been the bank's cashier, thus succeeded her as president.

The bank itself remained independent until it merged into the Hutchings-Sealy National Bank in 1958.

Although she continued to spend some time in Galveston, she also spent time in Glen Cove, and in her apartment in the Ritz Carleton Hotel in New York City. It was there that she died at the age of 70 on October 12, 1938. A Galveston obituary noted she "was a woman of great personal charm, whose life was devoted

to her family and the charities and benefactions for the citizens of Galveston."

Her father, at his death in 1884, had left \$50,000 for charitable purposes. These funds were used to create the John Sealy Hospital and related University of Texas Medical Center in Galveston.

In 1922, Mrs. Smith, her brother John Hutchings Sealy, and her husband R Waverly Smith created the Sealy and Smith Foundation to support the Hospital and Medical Center. Neither her brother nor she had children, and at his death in 1926 and hers in 1938, the main portions of their estates went to the Foundation.

In the 90 years since its founding, the Foundation has provided nearly 800 million dollars for the University of Texas Medical branch in Galveston. Recent contributions are helping it recover from a devastating hurricane in September 2008.

Sources and Acknowledgments

The Handbook of Texas Online has informative entries for John Sealy, John Hutchings Sealy, Robert Waverly Smith, and the Sealy and Smith Foundation. Her marriage is covered in an article in the *Chicago Daily Tribune* for October 4, 1896. An article about the bank's annual meeting at which Mrs. Smith relinquished the presidency of the bank appeared in *The Galveston Daily News* for January 17, 1931. An article on the death of R. Waverly Smith appeared in *The Galveston Daily News* for July 13, 1930; one on Mrs. Smith's death is found in the same newspaper for

October 13, 1938, and an editorial on her life and philanthropies in the same paper the next day. The help of Casey Edward Greene of the Rosenberg Library, Galveston, is gratefully acknowledged. ❖



This charming Victorian building was the home of The First National Bank of Galveston from 1878 until its merger in 1958. It was damaged in the hurricane of September 2008 and is undergoing renovation/restoration so that the current owner, the Galveston Arts Center, can reoccupy it.

Editor's odyssey off the 'Back Page' continues. Please see Page 144 for his new scheme.

DONNING A NOSTRADAMUS-ROBE AND RAY-BANS that see into the future, your prognosticator, aka, The Back Page Guy, makes the following unhappy prediction, an especially dire one for paper money collectors. A few years hence, federal law will make cash payments—i.e. paper money—illegal. It's a no-brainer. Government will theorize the benefits of doing so will outweigh the negatives. For this to happen, two events are required and both are very close to already existing.

First, there has to be consensus that it's the last possible step to help fight financial crimes (mainly money laundering) and get at some of those estimated billions of dollars of unreported income tax from the underground economy. How many stories have we read about the IRS not collecting staggering (but unknown) amounts of uncollected income tax? Many contractors—house-painters, lawyers, tree-trimmers, plumbers, and on and on—don't report the income they receive in cash because there's no paper trail. Payments by check and credit cards leave a paper trail, cash doesn't. Underpayment of income tax resulting from cash payments will remain the last holdout of IRS tax reporting information. The way to attack it will be to make cash illegal. How many billions does the IRS not collect because of cash? How much financial crime takes place under the cover of cash? No one knows, but everyone agrees it's a lot, enough to make a dent on the deficit.

Secondly, people must be willing to accept the notion that they'll have

Paul Herbert
Don't get me started



to make all payments by check or by credit or debit cards. News flash: Most people under the age of 25 already do this. They use credit or debit cards at 7-11, gas stations, even McDonald's. They don't deal in cash. Only the old-timers will have to change their spending habits, but old-timers are leaving us much faster than the X-Generation, or whatever name(s) we use for people 25 and under.

The law will have some threshold, such as cash payments of \$1,000 or more. It will start with a period where cash payments will only have to be reported to the government. (This is not to be confused with CTRs—Currency Transaction Reports—which have been in place for years. CTRs relate to currency—\$10,000 or more—which is deposited or withdrawn from a financial institution).

My opinion about laws requiring the reporting of cash or making it illegal? Don't get me started. ♦

RECENTLY I'VE BEEN READING ABOUT THE FORMATION of the great natural history museums, and my thoughts turned from Tyrannosaurs to Treasury notes. With a few exceptions, though, like the Higgins Museum, the analogy broke down for me. For the most part, I see all of the individual collections across our hobby to be more like the thousands of local museums and historical societies than Chicago's Field Museum.

I love historical societies, local museums and the like. The best ones show the care and passion of the curators, the interpreters, and the volunteers. Along with the artifacts and displays themselves, you can always get someone to explain the significance of the collection and share some colorful anecdotes, often from personal experience. It is these traits, of course, that also define the great collections and collectors in our hobby.

Of course, I'm not actually suggesting collectors open up their living rooms – or safe deposit boxes – to visitors. I do think, however, that the analogy could be a useful template to publicize our hobby. Because the major drawbacks to the local museum – the lack of access, the short hours, the travel time – are precisely the issues that can be solved if the museum is online.

How is this different than exhibits at shows? It doesn't necessarily need to be. Seeing a well-designed display is a great thing, but few of us get to every show. Having a permanent version would be wonderful. Similarly for a collection which

John Davenport
Spurious Issues



otherwise might only be documented in a poorly illustrated auction catalog.

Most of the material included in a currency collection, the notes themselves as well as supporting documents, pictures, etc. are easily displayed online. For some purposes, such as showing watermarks or other anti-counterfeiting measures, being able to create images under the correct lighting makes web display preferable. And of course the additional history, documentation and discussion is not limited by space or time in a web-based format.

Obviously this is not an original idea. The Chattanooga, Tennessee project of Tom Carson and Dennis Schafluetzel is only one recent example. I hope, however, that the web museum model will become more common, and that as it does, SPMC lends its support to the effort. I have ideas for my own collection, but I would enjoy getting feedback from others. I can be reached at jddavenport@hotmail.com. ♦

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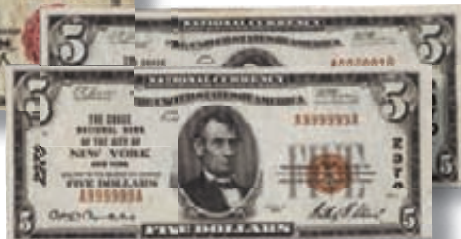
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